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President Berisha Defends New Press Law

AU1910102893 Tirana ATA in English 0917 GMT 19 Oct 93

[Text] [Passage indistinct] Thus, Ebert Foundation of German Social Democrats and Know How Fund of Great Britain were ready to help us and I am very grateful to them. Evert foundation brought two laws of the press translated into Albanian, and of them we chose [words indistinct] law revised for the last time in 1985.

I want to emphasize that this law does not curtail the freedom of press, on the contrary it heightens this freedom. The law of press revokes license which together with censorship, are powerful means to establish control on press. Thus far editors have not protested the law and this shows that they find it adequate and efficacious. Strange enough at present there are three groups of journalists with different opinions in regard to the law:

The first group fully supports the law of the press because they think that it does not curtail its freedom. These reporters deem the law of press necessary to defend the dignity of the man impaired every day by the press. They also deem the law indispensable to enhance the prestige of the press and to transform it into a powerful pillar of democracy in Albania.

The second group are absolutely against the law of press. Some reporters of the second group protest the law because they are for the variant of democracy without laws, that is for the American or British variant. I assure them that this attitude in Albania is in minority. Other reporters from this group have been against all laws passed thus far by the parliament, including the human rights charter, the laws on private property and other laws.

The leftist newspapers with ZERI I POPULLIT in the lead launched a two day strike to protest the law. The paradox with the reporters of these newspapers is not because they went on strike (strike is quite normal in a free society), but they protested a law presented by the institute of German social democracy, President Berisha emphasized. Albanian leftists do not agree with German leftist centre on this point. I do not believe that an institute of German social democracy would allow to curb the freedom of the press of the Albanian leftist. On the contrary I am sure that Ebert Stiftung [Foundation] wishes the development of Albanian democracy. The truth is that the leftist group is not worried because the law of press curtails the freedom of press, but they want to politicize every new law passed by the Albanian parliament. ZERI I POPULLIT in the past used to praise to the sky the dictatorship and created the myth and cult of permanent successes while now, being free, it and other leftist newspapers criticize everything. At present there are many leftist newspapers which have not written about the successes attained during the last 18 months. These newspapers also continue to exorcize psychological terror on people.

In my opinion the role of the press has considerably lessened. The leftists believe that their criticism contributes to democracy and appreciate their newspaper considering the sold copies. But they are wrong because serious studies such as that of Gallup show that the reputation of the Albanian press is the lowest ir Eastern Europe.

The right for information is the right for truth, consequently only true information based on the freedom of press contributes to the promotion and development of democracy.

It is true that democracy is the rule of law, and the establishment of market economy but we should also bear in mind that democracy considers first of all man's dignity. The Albanian press has lost its reputation not because of its strain relationship with the truth but because there are hundreds upon thousands of cases showing violation of human dignity.

The law of press does not intend to curtail the freedom of newspapers but it improves the relations of the press with the truth and defends man's dignity from slanders and humiliation.

The third group supports the law and simultanously voices its own reserves which in my opinion result mainly from misunderstanding, Mr. Berisha continued.

Some say that they would vote for the law in case that an article on private RTV would be added to it. The law of press concerns the editorial boards and editors, that is why it is called like this. The law of media is quite different and is not related to the law of press. I fully agree to submit the law on media to the parliament. Second, the problem of information. The project submitted to the parliament defines: "Official circles are obliged to provide media representatives with information in order to fulfil their duty". All exceptions are in full agreement with the European Convention on Human Rights.

Another problem is that of confiscation. I would like to explain that there is no state in the world which has not confiscated in certain cases. According to the law we are talking about, confiscation is done on behalf of law and not by the government or police, fully recognizing the right of indemnity.

Another problem is also that of temporary suspension in cases stipulated by law until the court intervenes. I am sorry gentlemen but Article 19, Point 2, says that "Temporary suspension is not practised for daily newspapers". In case the law would have restrictions, then why should daily newspapers such as ZERI I POPULLIT, the leading Albanian opposition newspaper, be excluded from it.

Many people say that the law punishes the editor who is a reporter and not the authors of articles. This has been misunderstood: the responsibility of the author of the article is not defined in the law of press but in the penal

code. This is why Ebert Foundation in addition to the law of press has also sent the corresponding part of penal code. In conclusion I would like to assure you that I will not sign any law that is in opposition to the human rights charters of Albania and Europe, President Berisha said.

DP Criticizes Delegation for Meeting Milosevic

AU2010095593 Tirana ATA in English 0912 GMT 20 Oct 93

["Whom Does the Visit of the Delegation of the Democratic Alliance Party Serve?—Statement of the Parliamentary Group of the Democratic Party"—ATA headline]

[Text] Tirana, October 20 (ATA)—At the end of today's session of the People's Assembly, the deputy Halit Shamata made the following statement on behalf of the parliamentary group of the Democratic Party [DP]:

At a time when the clique of [Serbian President] Milosevic, with [Serbian Radical Party President] Seselj and Co., having lost every sign of human and national rights and freedoms for the Albanians in former Yugoslavia, having killing and continuing to kill innocent people there, have started a new wave of arrest, 3 leaders of the Party of Democratic Alliance, among whom a deputy, have gone to Belgrade for meetings and talks with most anti-Albanian cliques [sentence as received]. We all know clearly who is Milosevic and his collaborators. World opinion has now demanded that they should render account for the grave crimes to mankind, while their interlocutors from Albania do not represent anything. They are Halit Ternovs of Albania [not further specified] and their mission gives Milosevic, now isolated from the world, a way and argument to claim that he is talking to Albanians, at a time when for the Albanians he has only guns and clubs, imprisonments and ethnic cleansing.

The deputy Azem Hajdari considered the statement not so severe and added his statement on the question. He demanded that the parliament should condemn the visit of the delegation of the Democratic Alliance Party which he described as a missionary of eminence grise to the detriment of the national policy the Albanian Government, its President Berisha and the president of Kosova are pursuing. Deputy Hajdari demanded denunciation by mass media of this anti-Albanian visit which he said has been prepared in dangerous laboratories of long inheritance and actual activity against the Albanian question.

Zhulali, French Military Attache Discuss Kosovo

AU1910215093 Tirana Radio Tirana Network in Albanian 1830 GMT 19 Oct 93

[Text] Today Minister of Defense Safet Zhulali received the French military attache, Marcel [surname indistinct], on the occasion of the latter's accreditation. The meeting was also attended by the Chief of the Army General Staff, Lt. Gen. Ilia Vasho.

Mr. Zhulali briefed the new French military attache about aspects of the process for the consolidation of democracy and the Army. He stressed the need to increase cooperation between the Albanian and French Armies and Albania's intention to become a member of NATO and the WEU, pointing out that France's support in this is also essential. He then dwelt on the tension in Kosova and on Albania's position on the basis of President Berisha's six-point plan regarding a solution to this problem.

The French military attache, on his part, expressed France's readiness to tackle a number of problems related to the Albanian Army's need for educational help, as well as in the fields of logistics, training, etc.

Zhelev Views Economic, Political Situation

AU1910123093 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 19 Oct 93 p 8

[Report by Berthold Kohler: "Still No Reward for Steadfastness"]

[Text] Sofia, 18 October—"So far, the West has only been patting our shoulders and saying: Bravo, your demands are justified. But, so far, no one has given us any specific help." President Zhelev makes a bitter summary of Bulgaria's efforts on the diplomatic stage. Bulgaria, which observes the UN trade embargo against Serbia and Montenegro as well as it can, sees itself punished rather than rewarded because of its steadfastness. The Bulgarian economy has suffered great damage, above all because of the interruption of the transportation routes to Western Europe, almost all of which run through Serbia. So far, Western politicians have reacted only with a couple of shrugs to the, at first, cautious but then—because of the deepening of the economic crisis—increasingly urgent appeals by Sofia for compensation. In view of the indifference with which the Western world looks on the victim Bulgaria, the people are losing trust in the European structures, the president said in an interview with this newspaper. In the meantime, Bulgaria's hope for Western help has been replaced by despair and even hostility.

At the Side of the International Community

Zhelev, as well as the government under Prime Minister Berov, has never left any doubt that Bulgaria fully supports the UN sanctions against Serbia and Montenegro. Nevertheless, the president says, that it is becoming "increasingly difficult" for the state institutions "to explain to the people why they have to make sacrifices and why the West punishes a country at our cost, which does deserve its punishment because of its acts of war, but still continues these acts." Since, in the country on the Black Sea, hardly anyone believes that the West will pay compensation for the damage that has been caused—it is now estimated at more than $2 billion—Sofia counts on indirect compensation: help in settling the (oppressive) foreign debts, investments in infrastructure, and, above all, a speedy signing of the interim agreement with the European Community for opening its markets. These are steps that do not require any great efforts by the West, the president says. But for Bulgaria they are very important.

The embargo of the international community against Serbia hits its eastern neighbor at a very unfavorable time. Because of domestic controversies, the restructuring of the economy, which was highly centralized by Balkan communism, has not made as much progress as the reformers in the country would wish. Already the first non-communist government of the Union of Democratic Forces (SDS) under its chairman, Dimitrov, had hardly made any progress in privatizing the ailing industry. When the Movement for Rights and Freedoms (DPS), the party of the Turkish minority in Bulgaria, changed sides and the SDS's left wing split off, the SDS lost its majority in parliament a year ago. The current cabinet has declared itself the "government of privatization," but so far it has implemented only a fraction of its program, Zhelev said, criticizing the "experts' government," which has been in office for 10 months and is headed by his former adviser, Berov. This cabinet is supported in parliament by the New Alliance for Democracy (NSD), which is the split-off wing of the SDS, by the DPS, and by the Bulgarian Socialist Party (BSP), the former communists, who are again the strongest group in parliament. Nevertheless, Zhelev does see some positive points in the government's balance sheet: It has reestablished social partnership with the trade unions, which is very important for social peace in the country. In addition, it has put a brake on inflation. The land reform has also made better progress than privatization. A total of 28 percent of the land has been returned to the original owners. The government has promised that more than 50 percent will have been returned by the end of the year. President Zhelev, too, does not seem to believe that the new parliamentary majority, which is brittle because of its ideological differences, will hold until the end of the legislative period in 1995. Even though he does not rule out new elections (which have been demanded by the SDS), but "the easiest, fastest, and safest way of controlling parliament for the next two years and carrying out reforms" would be to reestablish the old majority, which was given to the democratic forces in October 1991. He does not believe that the "democratic forces"—Zhelev counts the SDS, the NSD, and the DPS among them—are really interested in elections, since, at the moment the prospects for a new success against the socialists are very slim. "Giving away an election victory that has already been won would be a crime and also a betrayal of the voters." If the democratic forces managed to revive the old coalition in parliament, they would hold all trumps in their hands: They, themselves, could push ahead the reforms, determine the date for new elections, and decide on the form of the election law. During the elections, they would then also have the executive power, "this is very important in the Balkans." New elections in Bulgaria, on the other hand, could lead to results such as in Poland, "and who knows what is going to happen in Russia."

However, a revival of the old silent coalition in parliament will be possible only if national interest is put above "personal desires, love for oneself, and ambition," the president says. With this, he is putting his finger into the wound of Bulgarian domestic policy. The SDS—which Zhelev himself cofounded and headed after Zhivkov's overthrow—could have lasted through the entire legislative period, in his view. However, the Dimitrov government "made many gross mistakes" and, instead of a policy of unification, it steered a course of confrontation toward all anticommunist forces inside and outside parliament. In a "stupid" way it clashed with the church, the press, and the military. This had to lead to its fall. "In a transition period, when the country is going through such great tensions, one cannot start a

war with the trade unions, which should actually provide support for the reforms." Interests of power were also responsible for this collision course, but basically it was "incomprehension, arrogance, and political narrow-mindedness." The SDS worked for the socialists' interests for an entire year, and the socialists did not have to move a finger.

Quarrel About Land Reform

The unchangingly popular president rejects the accusation by the ousted Dimitrov that Zhelev himself pulled the wires for the fall of the SDS government and subsequently promoted the "recommunization" of Bulgaria. Because of the slow speed of the land reform in particular, he keeps clashing with the BSP. Every time national interests have been involved he has not shied away from confrontation with the BSP or the SDS. The president, rather, recognizes a relapse into the old structures of thinking among the SDS leaders. There, the Coordination Council of the party alliance was, "even though quite unconsciously," considered to be "some sort of Politburo," which could command and instruct parliament, president, and government.

The farmer's son and doctor of philosophy sees the rising alienation to the SDS, whose candidate Zhelev was when he was directly reelected by the people in January 1992, from a sober distance. Like all other parties and coalitions, the SDS is an instrument of the democratic process. If one of these instruments does not serve this process anymore or even hinders it, one need not cry about that. "In the case of the SDS, one cannot yet speak of that, thank God. However, if things continue as they have been so far, the SDS will not go very far."

Zhelev, Belarus Head of State Sign Treaty

AU1910200393 Sofia BTA in English 1646 GMT 19 Oct 93

[Report by Evgenia Drumeva]

[Text] Sofia, October 19 (BTA)—Stanislav Shushkevich, chairman of the Supreme Council of Belarus, arrived here this morning on an official two-day visit at the invitation of Bulgarian President Zhelyu Zhelev. The visit, scheduled for an earlier date this year, was postponed because of the unexpected death of Dr. Zhelev's daughter.

The visit started with a half-hour meeting between Mr. Shushkevich and President Zhelev and talks between the official delegations.

The two heads of state signed a bilateral treaty on friendly relations and cooperation with a ten-year term. After the signing ceremony, Dr. Zhelev and Mr. Shushkevich stressed the document lays the foundations of and opens up new prospects for the development of the bilateral relations in all areas.

The bilateral treaty on friendly relations and cooperation paves the way for all other agreements needed for full-blooded cooperation between Bulgaria and Belarus, Dr. Zhelev said. We are happy with the current development of relations between the two countries not only because we are related through our distant Slav ancestors and the deed of Cyril and Methodius, but also because of Belarus's consistent democratic policy under the leadership of Supreme Council Chairman Shushkevich, the Bulgarian president said. He specially stressed that Bulgaria values highly Mr. Shushkevich's stand on the recent events in Moscow, his firm support for President Yeltsin in his battle against the revanchist forces, as well as Belarus's Balkan policy. Belarus was among the first countries to grant Macedonia recognition, President Zhelev recalled.

Deputy Prime Minister Sergey Ling of Belarus, a member of the official delegation, and Khristo Totev, Bulgaria's minister of territorial development and construction, signed a protocol on the amendment to the agreement on trade and economic cooperation and settlements between Bulgaria and Belarus, signed in 1991. According to Kamen Velichkov, President Zhelev's foreign policy adviser, the document has three keys points. First, the two countries give each other most-favoured-nation status. Second, clearing will no longer be obligatory in settlements—a step necessitated by the transition period, according to Mr. Velichkov. Third, direct contacts between foreign trade companies are encouraged.

Agreements on cooperation in education, science and culture, and on international road transport were also signed today.

The signing of the four documents was attended by parliament's Chairman Aleksandur Yordanov, prime minister Lyuben Berov, cabinet ministers and M.P.'s.

This afternoon Mr. Shushkevich laid a wreath at the monument to the unknown soldier and visited the Aleksandur Nevski Cathedral. Tomorrow he is scheduled to meet parliament's Chairman Aleksandur Yordanov, the leaders of the parliamentary groups and Prime Minister Lyuben Berov. Mr. Shushkevich and Dr. Zhelev will give a news conference tomorrow afternoon.

Metropolitan Filaret of Minsk, who is also a member of the official delegation, is expected to meet Patriarch Maksim of Bulgaria this afternoon. According to Metropolitan Cyril of Varna and Preslav, Metropolitan Filaret will deliver a message to Patriarch Maksim from Patriarch Aleksey II of all Russia. Patriarch Aleksey II expresses concern over the rift in the Bulgarian Orthodox Church and says he hopes Patriarch Maksim will manage to heal it. Metropolitan Filaret told BTA that Patriarch Aleksey II expresses a hope that the difficulties faced by the Bulgarian Church will not affect it deeply.

Cargo Shipment Agreement Signed With Macedonia

AU2010081993 Sofia BTA in English 2017 GMT 19 Oct 93

[Text] Sofia, October 19 (BTA)—Bulgarian Transport Minister Kiril Ermenkov and the Macedonian Minister of Town Development, Transport, Communications and the Environment Antoni Pesev today signed an accord on international passenger and goods transport the accord regulates the terms and organization of shipments, Mr. Ermenkov told the press. It abolishes road and motorway tolls, which both ministers see as very important. They said the accord simplifies procedures for crossing the border and each other's territory.

The two ministers also discussed agreements to promote railway haulage, including the West-East transport corridor. We also exchanged views on ways to promote air transport and communications, said Mr. Ermenkov.

IMF Mission Begins Talks With Government

AU2010080993 Sofia BTA in English 2046 GMT 19 Oct 93

[Text] Sofia, October 19 (BTA)—The IMF [International Monetary Fund] mission, which arrived here yesterday, today started official talks with the government and trade unions.

After an introductory fact-finding meeting at the Finance Ministry, Russel Kincaid, Annoup Singh and Gregory Dahl met with Krustyo Petkov, leader of the Confederation of Independent Trade Unions in Bulgaria (KNSB). During a discussion of the IMF's memorandum, Prof. Petkov questioned the fund's calculations of income adjustments, undertaking to present to the mission more accurate estimates made by KNSB experts, the KNSB press office reported. According to the KNSB, income adjustments to inflation vary between 53 and 64 per cent, and not around 96 per cent, as the IMF memorandum says. The two sides discussed the structural reform, the probability of signing a new stand-by agreement and the search of new solutions to Bulgaria's foreign debt problem. The KNSB leader "gained the impression that now the IMF is more flexible for two reasons: The events in Russia and Bulgaria's stand on the Yugoembargo," the press office says.

"There is no retreat on the part of the IMF," Dr. Konstantin Trenchev, leader of the Podkrepa Labor Confederation, told journalists after his meeting with the IMF officials. He said that "the IMF is pushing us to the wall," as regards incomes policy. The IMF officials said the fund would not agree to an income policy boosting inflation. Podkrepa and the IMF mission discussed adjustment mechanisms, tax policy, privatization and the foreign debt.

Finance Minister Stoyan Aleksandrov, who accompanied the mission during its meetings, also noted "signs of flexibility" in the IMF stand. Discussing the macroeconomic framework of the national budget, the IMF officials agreed not to cut real incomes but said their growth should not cause inflation. The draft national budget being discussed with the mission envisages a 6 per cent budget deficit and a 28 to 30 per cent rate of inflation plus 2 to 4 per cent up. According to Minister Aleksandrov, the fund would tolerate a revision of the latter figure to 40 - 42 per cent.

The mission met with the Deputy Prime Minister and minister of labor and social affairs Evgeni Matinchev. The Bulgarian minister said that the government's policy of adjusting real incomes to inflation and the production decline was hardly an inflation-boosting factor this year, the Council of Ministers press office reported. Minister Matinchev set forth some plans by his ministry on incomes policy in 1994 to be a starting point at the talks among the government, trade unions and employers. The mission approved them, according to the press office.

Dimitrov Assesses Period Since Last Elections

AU1810210893 Sofia OTECHESTVEN VESTNIK in Bulgarian 13 Oct 93 p 2

[Article by Filip Dimitrov, leader of Union of Democratic Forces: "SDS Is the Only Prudent Hope of the Country"]

[Text] These two years have shown several important things. The first is a common factor, which affects all Eastern European countries, and which shows that the transition is much slower than all the experts envisaged, and that most of the ready made prescriptions do not function as we thought they would. For the Union of Democratic Forces [SDS] the two years have shown that, despite the incredibly difficult, or as one administrator said, the absurd situation for a country with consolidated democratic traditions, the SDS succeeded in coping and demonstrated that it could manage. It initiated large-scale reforms, which immediately began to produce results, albeit negligible ones. In the third place, it became clear to the SDS that without sufficient unity and organization it was very difficult to resist the general attacks and treason that accompanied its administration. Those years, and especially the second one, demonstrated the destructive behavior of the Communist Party, and the fact that it has not changed at all. The manner in which it wants to rule the country also became apparent through Berov's cabinet, and this is a bad manner. It suffices to point out that more than 50 percent of the country's foreign currency reserves, accumulated by the SDS government, have been squandered. The reforms have not progressed by a single step. Grave social consequences for a great many people have emerged, and the crime rate has increased to a staggereing degree. All this is an expression of the total inability of the cabinet to cope with the country's management and helps the Bulgarian voters to orient themselves for future elections, so that they will not become the victims of empty promises and fine words.

Those two years also showed that the processes that are now taking place in Bulgaria cannot be stopped, but they

can be significantly delayed, something that could result in great suffering. At the same time, the last year showed that the bipolar structure of our society, or the two-party configuration which exists at present, is valid, and that all attempts of certain formations to define themselves somewhere between the basic political forces ended with them being associated with one of the two camps. Thus they practically demonstrated that, in the political situation in our country, every attempt to form some imaginary centrist or other formation is immature, inadmissible, and harmful to the national interests. Last but not least, those attempts showed that despite all the shocks, betrayals, blows, incredible manipulations, and campaigns in the media and elsewhere, the SDS, as the real factor of change in Bulgaria, has succeeded in preserving itself and surviving, at the cost of many sacrifices, and continues to be the only prudent hope for the country's normal development.

General Comments on Lack of Combat Readiness

AU1910110993 Sofia 24 CHASA in Bulgarian 13 Oct 93 p 2

[Article by Nikolay Krustev: "Our Air Force Is Disabled"]

[Excerpt] More than 30 percent of our military aircraft are not at combat readiness, and within two months two thirds of them will be disabled, General Stefan Popov, Air Force commander, said on 12 October. The main reason for the lack of repair is the shortage of spare parts.

Since 1988, when the Ministry of Defense purchased a MiG-29 squadron, based in Ravnets Village, Burgas region, our air force has not received a single new aircraft. No spare parts were imported in the last three years. Our pilots fly 40-45 hours a year, while the minimum accepted in NATO countries is 180 hours.

Gen. Popov thinks that if we are to have a reliable air force, an amount equal to the entire present budget of the Ministry of Defense is needed. The Defense Ministry has a concept for modernizing the Air Force, but it would cost a horrendous amount of money. Only the replacement of the electronic system and the weapons of one of the most widely used aircraft in Bulgaria—the MiG-21—would cost $2-3 million. If this is accomplished, the aircraft's efficiency will improve five times, but even then it would not be equal to the new models. For example, its equivalent—the F-104—has already been discarded by the Turkish Army. [passage omitted]

Klaus Expects No Problems With Russian Supplies

LD1510195693 Prague CTK in English 1912 GMT 15 Oct 93

[Text] Washington, oct 15 (CTK)—Czech Premier Vaclav Klaus does not believe that further development in Russia will be catastrophic, nor does he expect there to be irregularities in Russian supplies of key raw materials to the Czech Republic.

At a press conference in Washington during his visit to the United States Klaus stressed that the Czech Republic was unambiguously in favour of joining NATO and that the Czech Government had this goal in its programme.

Klaus said it was necessary to redefine the role of the North Atlantic Treaty Organisation. However, he spoke in favour of searching for other security systems in Europe.

Klaus declined to comment on whether NATO should also include Russia, saying nonetheless that NATO members should be stable countries with clearly-defined stable democracies. He said he firmly believed that the Czech Republic met these conditions, but was not, however, convinced as to the present Russia and was not sure whether Russia would become such a country in the near future.

Klaus made clear the Czech Republic's strong support for the United States' presence in Europe.

He said that the Russian Government was in a difficult position as it was in dire need of support on one hand and had to implement and speed up reforms on the other. Klaus said that he could not see a standard political party system in Russia which would produce politicians from below and give them the necessary backing and electorial base indispensable in the event of unfavourable developments.

Klaus said that protectionism on the part of Western markets in general and the European Community in particular was the main economic problem the Czech Republic had to face. He voiced disappointment at such protectionist attempts and described them as another form of nationalism, no less abominable than that which had occurred in some post-communist countries striving to renew their lost identity and which was continually being criticised.

Klaus said he was content with the level of foreign investment in the Czech Republic. He spoke against artificially influencing their amounts and against some kind of tax paradise for foreign investors. He said that all participants should have the same conditions and opportunities on the Czech market.

He said the Czech Republic had already crossed the Rubicon in its transformation from the communist centralist regime to a standard system of political pluralism and a market economy.

Klaus stressed that the Czech Republic had proceeded farther on the path of transformation than any other post-communist country and that it was the only country in the European region where pro-reform political forces had actually won elections.

He said that economic reform demanded that unpopular decisions be sometimes taken, even at the price of a certain loss of popularity. It was not a question of holding office as long as possible, as was the case with the majority of Western politicians, but of implementing as many initiatives as possible during the country's transformation, Klaus stressed.

Says Aid No Substitute for Reform

LD1510213893 Prague CTK in English 2106 GMT 15 Oct 93

[Text] Washington, Oct 15 (CTK)—Reform policies in individual post-communist countries are of key importance in their transformation, and cannot be replaced by any form of foreign aid, Czech Premier Vaclav Klaus told the Bretton Woods Committee in Washington today.

In the West, Klaus said, extensive aid programmes or the lack of them were considered essential to the success or failure of reform. The Czech Government, however, believed that relief on payments or the cancelling of debts could only weaken a country's credibility, he said. We do not believe that a new Marshall Plan could save the post-communist countries if they did not help themselves first, he said.

Klaus emphasised that the emergency credits offered by the International Monetary Fund or loans from the World Bank were very important from the macroeconomic point of view for the support of structural changes in the first phases of economic reform.

He said that international financial institutions had to risk more in central and eastern Europe—to concentrate above all on the active financing of the newly-emerging private sector. It is not necessary that they aim to facilitate loans for projects by big multinational companies, when these companies can easily do it themselves, he said. We also do not need international financial institutions to give preferencce to big projects concerning the creation of infrastructures with the participation of the government, Klaus said.

What the Czech Republic does need, he said, is for these institutions to fill a gap on the Czech financial market, where the banking sector is as yet weak and vulnerable. The Czech Republic would also welcome support from such institutions for those export programmes which are of particular importance for the finding of new markets for Czech exports after the expiry of the traditional markets in the East, he said.

The Bretton Woods Committee is a non-profit making organisation which recruits the support of the American

public and Congress for American activities in the International Monetary Fund and the World Bank. It has 450 members from American business, financial and academic circles.

Benda Says Fate of Cabinet Depends on KDS

AU1910133793 Prague MLADA FRONTA DNES in Czech 14 Oct 93 p 2

[Report by "km": "Benda Confirms Churches' Dissatisfaction With Prime Minister Klaus"]

[Text] Prague—The chairman of one of the Christian parties in the government coalition, Vaclav Benda, claims that church representatives have serious exceptions to Prime Minister Klaus. The Christian Democratic Party [KDS] chairman confirmed that the leadership of his party has been under a constantly growing pressure from the Christian circles and from the circles of church hierarchy to resist certain detrimental tendencies and statements by the prime minister more fiercely.

Benda refused to specify who of the church dignitaries has sought the assistance of the Christian Democratic Party leadership. "I am not willing to identify the 'Christian circles' and 'circles of church hierarchy'" he said verbatim. He only observed that these circles demanded that the Christian Democratic Party clearly dissociate itself from the Civic Democratic Party, and assume a critical stand regarding its policy.

To the question of which detrimental tendencies and statements of Prime Minister Klaus the church hierarchy finds objectionable, Vaclav Benda replied: "This concerns the attitude of the prime minister to the restitution of church property and certain statements he made in recent months."

Civic Democratic Party Chairman Vaclav Klaus said several months ago that one cannot use a different yardstick when dealing with churches than with a tourist club, for instance. He made this statement during the coalition talks on the restitution of church property.

Benda emphasized that he will not yield to the appeals by church dignitaries. He said that although he knows how to bring down the prime minister, he feels obligated to support him because the collapse of the government coalition would be a catastrophe.

"The coalition government has an absolute majority in parliament, and the opposition or even a lack of support on the part of any of the four coalition parties could result in a government crisis. Although our party only has ten deputies, even our refusal to support the government in parliament would likely lead to the fall of Klaus's cabinet," Vaclav Benda stated.

"Nevertheless, I remain an optimist. I believe that the coalition is capable of cooperation," the Christian Democratic Party chairman concluded.

Government Proposes Changes to Value-Added Tax

AU1910133593 Prague HOSPODARSKE NOVINY in Czech 11 Oct 93 pp 1, 2

[Report by Marcela Doleckova: "Value-Added Tax Rates To Become More Uniform"]

[Text] The Finance Ministry has presented seven amendments to the tax law for discussion in the government. According to the amendments, the fact that the amount of taxes collected from legal entities is based on the entities' real income and not the amount that appears on their invoices will not be changed. When asked by a HOSPODARSKE NOVINY correspondent about the pressure that companies are exerting when pushing for such a change, Deputy Minister Jan Klak said that the state cannot afford to wait until companies and entrepreneurs pay each other's bills. When he heard the arguments from entrepreneurial circles that this is the case in some other countries, Klak said that these countries have advanced and stabilized economies, where the entrepreneurial entities are conscientious enough to pay their bills. He also indicated that, in order to avoid taxes, companies could provide "credits" to one another. The Czech economy is still undergoing transformation and cannot afford such a luxury. In all likelihood, this situation will change as soon as the Czech Republic joins the European Community. Deputy Minister Klak also said that, according to the 1994 draft budget, taxes collected from legal entities were cut to 43 percent.

The government proposed that in 1994, the share of the profit tax in the overall revenue of the state should be cut (from the existing 27.4 percent to 26.8 percent), but, on the other hand, the share of the value-added tax should be increased from 31.6 percent to 34.8 percent. There is no proviso in the government draft, according to which certain products that are being taxed by the lower rate (5 percent) should become taxed by the higher rate (23 percent). However, it cannot be ruled out that the government, in its efforts to compensate for tax evasion, could impose higher taxes on certain services.

Deputy Minister Klak is afraid that as soon as the second amendment to the law on the value-added tax is debated in parliament, lobbyist groups will press for certain products to be taken out from the group of products taxed by the higher rate and put in the group taxed by the lower rate. The Finance Ministry expects this pressure to come mainly from agricultural lobbyists. Jan Klak said, however, that the government is not inclined to expand the number of products subject to the 5-percent tax, since this tax should only apply to the products that satisfy basic needs. The lower tax makes them more competitive. The difference between the two tax rates should gradually become smaller. The lower rate will be between 5 and 9 percent, and the other 19 percent, at most. One of the conditions for the Czech Republic to be admitted to the European Community will depend on whether the Czech Republic has adopted the applicable

tax regulations and tax rates. Our concept for the further course of the tax reform foresees that such regulations will be adopted.

The Finance Ministry does not expect any fundamental "fighting" over the income side of the budget to take place when the draft budget is debated in parliament, but the ministry is not ruling out the possibility that there could be a heated debate over the expenditures, since some groups will certainly try to cut a larger piece of the pie for themselves. Jan Klak described the pressure for lower taxes that is being exerted by the opposition and entrepreneurial associations as political declarations.

Deputies Respond to Claim of Completed Reform

AU1910140093 Prague LIDOVE NOVINY in Czech 14 Oct 93 p 3

[Report by "rk": "The Economic Reform Continues"]

[Text] Prague—According to Vaclav Klaus, the economic reform "in the narrow sense of the word" has ended, and the stage of the refinement of the market that is still largely monopolized is beginning. The prime minister said this after the conference of the economy ministers on Tuesday [12 October] and thereby he confirmed his own words at the ODS [Civic Democratic Party] meeting in Plzen [a day earlier]. We asked several deputies to comment.

Tomas Jezek (Civic Democratic Alliance), chairman of the Budget Committee, observes: "If the transformation of ownership is the essence of the economic reform, then the reform has not ended. If the creation of a stable macroeconomic framework—i.e. stable currency and noninflationary environment—is meant, then we are doing well, but it is a never-ending process. The transformation of ownership, on the other hand, does have a beginning and an end. I expect that we in the [National Property] Fund will privatize the last project in about two years."

Vlastimil Tlusty (Civic Democratic Party), Agricultural Committee member, agrees with the prime minister with some reservations: "The reform is far from ended in agriculture. We must finish the transfer of property from the hands of the state and pro forma transformed agricultural cooperatives into the hands of genuine entrepreneurial entities. The state property will be privatized through the Land Fund. The conclusion of the privatization of food enterprises will coincide with the second wave of coupon privatization, and, regarding the agricultural cooperatives, I expect that the newly established companies will continue in the next stage of the transformation."

Josef Hajek (Left Bloc) of the Budget Committee says: "As long as the prime minister understands the reform as privatization, price deregulation, and internal convertibility, then the government can no longer actively affect the transformation of the economy. From this point of view, unfortunately, he is right. Nevertheless, to implement an active pro-export policy, the government should have kept more than just the tools of monetary policy in its hands. The transport, telecommunication, and agriculture sectors, for instance, are areas that many states control."

UNPROFOR Battalion Returns From Croatia

LD1910234093 Prague CTK in English 1812 GMT 19 Oct 93

[Text] Ceske Budejovice, South Bohemia, Oct 19 (CTK)—Almost a hundred troops of the Czech battalion serving within the UNPROFOR [UN Protection Forces] peace-keeping mission returned from the former Yugoslavia today.

On landing and completing customs clearance at the military airport here, the contingent were taken to the Czech UNPROFOR base in Cesky Krumlov, South Bohemia, for discussions on their future duties. Some reportedly are considering joining the Rapid Intervention Brigade which is being formed.

A 78-man group of replacements left Ceske Budejovice earlier today bound for the Pljesivica Lakes in Croatia. The troop rotation will take two weeks to complete.

Unemployment Expected To Average 5-6 Percent in 1994

AU1910071493 Prague CTK in English 1919 GMT 15 Oct 93

[Text] Kouty nad Desnou, North Moravia Oct 15 (CTK)—The unemployment rate next year should average five percent with a maximum of six percent, Vit Subert of the National Employment Board (SSZ) predicted today.

The Ministry of Work and Social Affairs was, therefore, not expecting any crisis and the higher unemployment rate could be dealt with in cooperation with the employment exchanges around the country, he said.

Subert was speaking at the end of the Employment Exchange Conference, which convenes every two months as, in his view, the most efficient means of information exchange between the ministry and the country's employment agencies.

Jindrich Vodicka, minister of work and social affairs, who took part in the conference, said such cooperation was particularly helpful in solving the problems of unemployment in crisis regions.

In the last three years, the employment exchanges have helped over half a million people find work. From next year forty exchanges will include a careers advisory service to help the young find their way in the jobs market.

Economic Crimes Amount to 2.2 Billion Korunas

AU1910094793 Prague CTK in English 1526 GMT 14 Oct 93

[Text] Prague, Oct 14 (CTK)—Economic crimes from January 1 to the end of August this year have caused 2.2 billion korunas ($73.3 million) in damage to the Czech economy and damages are rising unabated, economic criminal investigators said today.

Only about five to ten percent of such crimes have been uncovered, they added.

About 567 million korunas ($19 million in financial damage has been done in Prague alone. There have been 1,025 economic crimes reported in the capital, each causing an average of more than half a million korunas damage. Most of them are committed by organized groups rather than individuals.

The new law on taxes and payments has only made the situation more problematic, police spokesmen said, by making tax crimes more difficult to uncover.

A similar problem exists on the securities market.

Police are also experiencing severe problems handling crimes involving the pirate copying of video and audio cassettes and compact disks.

The biggest problems are caused by Poles. Poland has not signed any international agreements on the protection of authors' rights, and large organizations are in operation there, specializing in the production of bootleg copies of recordings from worldwide record companies.

Likewise, illegal copying of computer programs is a big problem. While about 50 percent of the program copies in the United States are illegal and 70 percent in Western Europe are, in Eastern Europe the figure rises to 95 percent. The greatest amount of pirated software comes from southeast Asia, police said.

Statistics Show Rising Crime Rate in Prague

AU1910071093 Prague CTK in English 1818 GMT 15 Oct 93

[Text] Prague Oct 15 (CTK)—Crime in Prague has risen by 24 percent compared to last year, and the number of cases solved by police has fallen to 17.2 percent, statistics from the Prague police given to CTK today show.

In the first three quarters of this year, there were 64,439 crimes in Prague (population 1.3 million) against 51,620 in the same period last year, when 20.4 percent of cases were solved by police.

Of the total number of crimes recorded, 60,656 were general crimes (meaning non-economic crimes), and of these, police solved 13.7 percent. Last year there were 48,587 such crimes, and police solved 17.1 percent.

Police managed to solve a large number—77.2 percent—of the 1,488 economic crimes which they recorded this year. However, they estimate that a great number of such crimes go unrecorded, with the 1,149 economic crimes solved representing only five to ten percent of all economic crimes committed. In the same period last year, they solved 82.7 percent out of 1,102 crimes recorded.

Criminals caused damage worth 3,434 billion crowns, against 1,645 billion crowns in the same period last year.

There were 1,968 violent crimes, of which 51.9 percent were solved. Of the 1,118 people prosecuted for them, 331 were reoffenders, 46 were children and 92 young people.

The number of murders investigated was 44, with 61.4 percent being solved. Nine of the murderers convicted were reoffenders.

There were 686 robberies, with 22.7 percent being solved. Out of 15.071 burglaries, only 9.7 percent were solved. The success rate for stolen cars was 8.7 percent, while a mere 4.2 percent of bicycle thieves were discovered.

Republic Birth Rate Continues To Decline

AU1910194493 Prague MLADA FRONTA DNES in Czech 16 Oct 93 p 1

[Report by "(aha,li)": "The Czech Population Is Growing Old, Since the Birth Rate is Declining"]

[Text] Prague—The number of births in the Czech Republic is almost the same as the number of deaths. Last year, 122,000 babies were born—the lowest for 70 years—while 120,000 people died.

The birth rate in 1992 declined by almost 6 percent. From the long-term point of view, a gradual decline has been going on since the beginning of the 1980's. Because of this trend, the Czech population will become older. In order to reduce the ratio of pensioners to people of productive age, the state administration is planning to raise the retirement age.

This ratio is about 35 to 100 today. If the retirement age is not raised, this ratio will become 45 to 100, as people born in years during which the population grew faster reach retirement age. Experts believe that the burden on the economy will become unmanageable.

There have been several population explosions in our country: In 1992 when 256,000 babies were born, in 1946 (208,000), and in 1974 (192,000).

HZDS, SNS Sign Coalition Agreement

LD1910194693 Bratislava STV 1 Television Network in Slovak 1830 GMT 19 Oct 93

[Text] Our editor Adriana Hostovecka reports from the government office.

[Hostovecka] Good evening to all viewers of Aktuality [this bulletin]. The coalition agreement between the Movement for a Democratic Slovakia [HZDS] and the Slovak National Party [SNS] was signed in the government office building several minutes ago. Of course, this is a preliminary agreement. It has to be initialled by the SNS Central Council, as well as the HZDS Republican Committee [Republikove Predstavenstvo]. We are not going to comment on the as yet unconfirmed news of who is going to get which cabinet post.

The agreement was signed by Vladimir Meciar, HZDS chairman and prime minister, and SNS Chairman Ludovit Cernak, as well as the chairmen of both deputies clubs, Ivan Laluha and Marian Andel for HZDS and SNS respectively. Top officials of both political entities were present.

Vladimir Meciar sees the uniqueness of this agreement in the fact that it was concluded following an incentive by district officials of HZDS and SNS.

For the time being this is all from the government office. This is the most important news I thought our viewers should be told. More will follow in the second issue of Aktuality and before that, participants in today's Press-club at 2105, on the first channel of Slovak Television will try to unveil the mystery surrounding the partnership agreement.

Moravcik Admits Differences Within Cabinet

AU1910134393 Bratislava PRAVDA in Slovak 15 Oct 93 p 3

[Report by "jl": "The Key Lies at Home"]

[Text] Bratislava—"Regarding the basic line of Slovakia's foreign policy, there exist no differences within the government," Minister of Foreign Affairs Jozef Moravcik said yesterday, at a meeting with journalists organized by the weekly SLOBODNY PIATOK and broadcast by Slovak Television. He conceded, however, that there were differences on personnel issues, for example, or regarding views on the tactics of the course to be pursued. He stressed that the key to the success of Slovakia's foreign policy lay at home. He drew attention to the fact that admission into NATO required, first and foremost, the creation of internal prerequisites, that is guarantees of the irreversibility of the development in the sphere of politics and the economy (consistent privatization), respect for human rights, and policy toward minorities. By the same token, he said, we do not have a chance of becoming a member of the alliance as long as we have disputes with some neighboring state, for example. Responding to reports that the opposition considered him a possible future Slovak prime minister, Jozef Moravcik said that this was completely new to him, that no one had ever discussed this issue with him, and that various conjectures about the prime minister and himself were too speculative. He reaffirmed that he had no intention of resigning.

[Bratislava NARODNA OBRODA in Slovak on 15 October on page 2, under the headline "Jozef Moravcik Under Fire," carries a 200-word "ih"-signed report on Moravcik's meeting with journalists. The report includes the following passage: "Jozef Moravcik replied to even the occasionally tough questions very diplomatically and with the usual smile on his face. The only thing that he said openly was that Slovakia was not always making such a domestic policy as would adorn it with the best image in foreigners' eyes. For this reason the Ministry of Foreign Affairs has to explain some statements and measures by government officials, he said. Unlike President Michal Kovac, however, Jozef Moravcik does not think that the Slovak Republic is in some kind of an international isolation, which he tried to document by his numerous meetings. When asked about [the international isolation of] his government colleagues, however, he did not react."]

Andrejcak on Cooperation Agreement With Hungary

AU1910135093 Bratislava REPUBLIKA (OBRANA Supplement) in Slovak 14 Oct 93 p 1

[Report by "fk": "Along the Path of Dialogue"]

[Text] Slovak Minister of Defense Imrich Andrejcak paid a one-day working visit to the Hungarian Republic on Monday, 4 October. Together with Hungarian Defense Minister Lajos Fur, he signed the "Agreement on Military Cooperation Between the Ministry of Defense of the Slovak Republic and the Ministry of Defense of the Republic of Hungary." Shortly after his return, Imrich Andrejcak held a news conference at the M.R. Stefanik Airport in Bratislava. We have selected the following from the minister's opening statement and his replies to questions from reporters:

Agreement

Apart from Serbia, Slovakia was the only [neighboring] country that had not signed a similar agreement with Hungary. Our activity has therefore been coordinated according to the Federal Treaty. In the agreement I signed, the two sides assure one another that their contacts will develop on the basis of equal partnership and mutual benefit. The agreement contains an exceptionally important commitment: Our cooperation will not be directed against a third country.

We noted that one of the steps we wanted to coordinate was to reduce the feeling of endangerment and mutual threat [sentence as published]. We are going to present to one another our intentions and, should any doubts arise, we [Andrejcak and Fur] are going to contact each other

personally or the two sides' specialists will meet so that potential misunderstandings are clarified. I consider this very important.

Dialogue

The Hungarian side is ready to negotiate with us on air traffic near Kosice. The airfield is near the state border [with Hungary] and it may happen that student pilots cross the border during a training flight. We will either achieve that the Hungarian side will agree to this in a legal way, or we will start considering a different airfield.

Both I and Minister Fur are convinced that joint entry into NATO is the most probable and the most suitable alternative for the Visegrad Four countries. We can thus help one another.

Further Agreements

In the very near future, I will visit Ukraine, where I am to sign an agreement on military cooperation. Once a presidential treaty between the Czech Republic and the Slovak Republic is signed, as well as a treaty between the two governments, we will be able to sign an agreement at the level of defense ministries with the Czech side as well. This would bring the process of concluding [military] agreements with neighboring states to a close.

First Wave of Privatization Concluded

AU1910134593 Bratislava NARODNA OBRODA in Slovak 15 Oct 93 p 2

[TA SR report: "Results of the First Privatization Wave: Surplus of 34 Enterprises"]

[Text] Bratislava—Ivan Lexa, state secretary at the Ministry for the Administration and Privatization of National Property, provided information on the results of the first wave of large-scale privatization at a news conference in Bratislava yesterday.

The first wave of coupon privatization officially ended on Tuesday [12 October] when the Slovak Government approved the ministry's proposal to conclude it. Of the 87 state enterprises that had to be transformed in the final stage of the first wave of large-scale privatization, 12 have been earmarked for direct sale, 27 for privatization by means of public tender, six will be liquidated, and in three cases we are waiting for the registration of employee-owned shareholding companies. Two enterprises will stay in state ownership, as they secure strategic raw materials. The privatization of the Hurbanovo brewery has not been concluded because its course is being investigated by the General Prosecutor's Office of the Slovak Republic. Another 26 state enterprises have not been privatized for objective reasons, mostly because of unsettled property rights, and seven enterprises have not been privatized because the founding ministries and appropriate state organizations did not meet their obligations.

Ivan Lexa also delivered his opinion on the privatization of the PNS [Postal Newspaper Subscription Service] state enterprise. He voiced the conviction that one part of PNS newsstands, approximately 400, should be sold to their employees on the basis of the right of first refusal, while the majority of PNS property should be privatized by publishers of the periodical press.

Third IMF Mission Assesses Economic Program

AU1910194893 Bratislava NARODNA OBRODA in Slovak 15 Oct 93 pp 1, 22

[TA SR report: "A Deficit of 20 Billion Is Expected; The IMF Mission Commended the Cautious Monetary Policy of the Slovak Republic"]

[Text] Bratislava—The third IMF mission came to assess the fulfillment of the program contained in the Slovak Government statement signed during the June visit of the IMF mission to Slovakia.

According to the information from the Slovak Ministry of Finance, the talks focused in particular on the progress of the fulfillment of this year's state budget both on the revenue and the expenditure sides.

It is expected that the budget revenues will end about 10 billion korunas [Sk] short of the plan because of the shortfall in the collection of certain taxes and payments of the National Insurance Company premiums. The expenditure part is expected to exceed the plan by Sk10-11 billion. This year's overall budget deficit is expected—after the consultations with the IMF experts—to reach 5-7 percent of the gross domestic product, i.e. Sk20-21 billion.

Some of the talks with the IMF mission dealt with the Slovak draft budget for next year. The Finance Ministry submitted to the IMF mission 12 alternatives for the expenditure side of the budget, modelled after the expected development of the macroeconomic indicators. According to their development, it is expected that the gross domestic product will decline next year by up to 4 percent. It is expected that the draft budget will not balance.

"The balance of payments of the Slovak Republic has developed better than the IMF expected. Even inflation in the Slovak Republic was kept under control, and that despite the impact of the devaluation of the koruna on the price development," E. Zervoudakis, head of the mission, said at the news conference.

In his opinion, this development is a result of the cautious monetary policy of the National Bank of Slovakia. While checking the development in the budget management, the IMF mission also found that in the second half of the year the Slovak Finance Ministry very efficiently increased the amount of collected taxes. It has been reflected in the increase in revenue, which was approximately 1 billion korunas higher than the IMF expected. On the other hand, however, budget spending

also rose, mostly because parliament did not pass certain restrictions, above all, in the social sphere.

To the TA SR question of when he believes it feasible for one of the fundamental goals of the financial monetary policy—the full convertibility of the koruna—to be attained, Zervoudakis replied that the Slovak koruna already is in essence convertible, as the Slovak Republic gave up most restrictions regarding the payments on the current account. An enterprise that intends to perform a legal import operation is in no way limited in procuring foreign currency. The restrictions in the sphere of capital transactions will also be maintained in the future. As he said, it can be expected that the Slovak Republic will gradually liberalize this system and remove the remaining restrictions.

According to [Finance Minister] Toth, no changes are expected in providing home-ownership savings plans in either this or next year. After 1995, special bonuses based on financial standing should be implemented.

Official Explains Situation of Human Rights Report

AU1910152293 Bratislava PRAVDA in Slovak 15 Oct 93 p 1

[Report by "lm": "An Assessment at a Distance"]

[Text] On Wednesday [13 October], the press agency of the Slovak Republic published a report, according to which the CSCE, operating under the auspices of the U.S. Congress, withdrew from circulation its report Human Rights and Democratization in Slovakia. Peter Burian, Slovak charge d'affaires in Washington, briefed us on the reasons for such an unusual decision:

"Having studied the report, we discovered numerous shortcomings and errors. We pointed them out, and the Slovak delegation also discussed the report with the U.S. representatives at a recent conference on human dimension in Warsaw. Finally, we agreed on halting the distribution of the report, and on the best method of completing the report, i.e. that the Commission and U.S. Department of State members visit Slovakia in person, which will enable them to assess the human rights issue and the question of minorities on the spot, so they can complement the report with their specific conclusions. The reason for the numerous inaccuracies and distortions in the report was—I believe—the lack of communication between the Commission and Slovakia. The report was not based on a detailed observation, as the Commission has not recently sent its experts to Slovakia, and drew information from various sources including the press and individuals."

Plant Director Views Cooperation in Arms Industry

AU1910194693 Bratislava SMENA in Slovak 14 Oct 93 p 6

[Interview with Jan Hrivnak, director of the Vozidla ZTS Martin plant, by Marian Hudec: "The Tanks—Damned Once, Now Modernized"]

[Text] By the end of the 1980's, sales of the T-72 tanks produced in the ZTS [Heavy Engineering Works] Martin were worth 5.5 billion korunas. Three years later, the production of T-72 tanks had declined to 20 percent of the company's overall production. At present, the Czech RDP Group company is interested in cooperating with the Martin plant regarding the modernization of tank production. This was an issue which we discussed with Engineer Jan Hrivnak, director of the Vozidla [Vehicles] ZTS Martin plant.

[Hrivnak] The Czech RDP Group company intends to use the capacity of the Slovak arms factories for its own interests. This company is interested, above all, in technological and trade cooperation, but not in exporting heavy military technology to the Czech Republic. The RDP Group has also had dealings with the ZTS in Dubnica and in Detva. Cooperation between state-owned Slovak arms factories and the RDP Group is impossible. The main obstacle is lack of applicable laws in the Slovak Republic. However, I believe that a similar company—such as the RDP Group in the Czech Republic—could be established in Slovakia. Such a company could establish contacts in the Czech Republic. This would help us to get an idea of what the overall production capacity of the Slovak arms factories is, since these factories would act as a whole. Besides ZTS Martin, ZTS Dubnica, and ZTS Detva—the main producers of military hardware—other firms and trading partners will have to participate as subcontractors in this cooperation. The unpremeditated conversion of arms production in Slovakia has affected almost 100,000 people, so we have to put this situation right. The Slovak Ministry of Economics, too, is of the same opinion.

[Hudec] In the Arab world, Slovak tanks are well known for their good quality and reliability. However, they need to be modernized.

[Hrivnak] In addition, they are cheap, too. For the sake of comparison: While the British Challenger costs 2.8 million pounds, the U.S. Abrams $4 million, and the German Leopard 4 million German marks, our T-72 can be bought for $900,000. We know what should be modernized. We only need to apply modern treatment to our products at Martin, and we will be able to do so in less than a year.

[Hudec] The production capacity of the plants is not fully utilized. Experts in our factories regret this. How long will this situation last?

[Hrivnak] We have contracts that will keep our military production going for about six to nine months. We are discussing more deals. We need stronger support from the government. This is quite normal in the world, and it would be a pity if we lost the markets where we have a good reputation. I am not talking about the so-called "risk" regions, into which the export of military technology is restricted.

[Hudec] Cooperation with the RDP Group would enable Slovak arms factories to have access to NATO technology. At what stage are the preparations for establishing such a company in Slovakia?

[Hrivnak] We have submitted our first documents to the Slovak Ministry of Economics. As far as I know, our partners in Dubnica and Detva have done the same. The main thing is that the company will be established.

[Hudec] Can privatization pose a threat to such a company?

[Hrivnak] Only civilian production will be privatized. Or, a company will be established in which several partners will participate. This idea is the basis for privatization projects of our plant in Dubnica nad Vahom. The state will keep the largest stake in the military production. I stress, it is normal in the world—so why should we proceed any differently in Slovakia?

[Hudec] The Vozidla ZTS plant keeps converting special production. The new civilian production, too, has good prospects.

[Hrivnak] Civilian production involves mainly construction machines. With the help of the government, we are rebuilding military production lines to manufacture these types of products. Specifically, we have concluded a contract with the Komatsu-Hanomag company on broader cooperation regarding the production of bulldozers and loading machines. Under mutually advantageous conditions, we are preparing to launch new Hanomag products—we will buy licenses for them. In the Lombardini program, we want to establish a market for multiple-use engines. We are producing a new truck—Dumper 3000—with a loading capacity of 3 tonnes. In Europe, this is a top-of-the-line truck that was produced in our research-and-development workshops. It is certain that the production of tanks will be preserved in ZTS Martin and in a short time a decision will be made regarding their quantity. Our people are able to work for our new civilian production, too.

Economic Statistics for First Half of 1993

AU2909130993 Bratislava HOSPODARSKE NOVINY in Slovak 6 Sep 93 p 9

["Third installment" of the Slovak Statistical Office report: "Regarding Development in the Slovak National Economy in the First Half of 1993 and a Forecast for Some of the Results in the Second Half of 1993"]

[Text]

Removing the State's Influence From the Economy

On 30 June 1993 Slovakia's economic structure comprised 25,118 economic entities listed in the company register and some 282,999 businessmen. Private ownership, including the cooperative method of economic management, but excluding tradesmen, was represented by 22,005 private companies.

In the ownership structure of entrepreneurial entities in the second quarter, the number of entities in public ownership declined 1.8 percent (0.9 percent in the first quarter) and the number of entities in private ownership increased 10.6 percent (7.7 percent in the first quarter). The number of tradesmen listed in the Slovak Statistical Office's [SU SR] register fell 11,900, that is, 4.0 percent (the figure for the first quarter was 5,800, or 1.9 percent).

By the end of the first half of 1993, $320.4 million (this represents 9.2 billion Slovak korunas [Sk] at the exchange rate valid prior to devaluation) in basic foreign capital had been invested in the Slovak Republic. Of this sum, $36.9 million (Sk1.1 billion) was invested in the first quarter and $52.3 million (Sk1.6 billion) in the second quarter.

By 30 June 1993 foreign capital had been invested in 3,948 organizations (economic and other); 1,256 of them had exclusively foreign capital. Companies from 65 countries were involved; the largest share in the overall volume of foreign capital was held by companies from Austria (25.8 percent); Germany (18.2 percent); the United States (14.5 percent); the Czech Republic (11 percent); and France (9.3 percent).

Of the total sown area in agriculture, 77.3 percent comes under the non-state sector, 65.9 percent comes under the cooperative method of economic management, and 11.4 percent comes under the private sector (it was 8.3 percent in 1992) [numbers as published]. Private economic management (excluding cooperative management) plays a particularly significant role in cultivating potatoes (55.5 percent); fodder root-crops (57.9 percent); tobacco, root, and medicinal plants (33.7 percent); alimentary vegetables (73.5 percent); and strawberries (79.1 percent).

From the beginning of the forestry reprivatization process to the end of the first half of 1993, the State Forestry Enterprises and their forestry companies registered 53,983 requests for the restitution of ownership and utilization rights to 749,377 hectares of forest land; that is, to 37.7 percent of the overall forested area in the Slovak Republic. By 30 June 1993, 4,474 requests (that is, 8.3 percent) for 478,216 hectares of forests had been dealt with favorably. This amounted to 63.8 percent of the requested acreage or to 24.1 percent of the overall forested land in the Republic.

Of the total acreage of restituted forested land, 39.4 percent was made up of forests owned by associations and 19.6 percent was made up of communal forests.

The influence of the private sector—including the collective method of economic management—on the development of the Slovak economy is estimated to be 36.9 percent of the gross domestic product, despite the somewhat considerable differentiation in the individual sectors of the economy. During the first half of the year, private (non-state) firms had an 18.1-percent share in industrial output (17.7 percent in the first quarter of 1993; 16.4 percent in the second half of 1992); a 51.2-percent share in construction (53.4 percent in the first quarter of 1993; 41.8 percent in the second half of 1992); an 83.8-percent share in business receipts (82.7 percent in the first quarter of 1993; 73.5 percent in the second half of 1992); and a 47-percent share in the freight transportation of goods (47.1 percent in the first quarter of 1993; 39.2 percent in the second half of 1992).

Material Production in the Main Branches

In industry in the second quarter, compared with development in the first quarter, the decline in average daily output and in the total volume of industrial output eased off.

During the second quarter, the average daily industrial output was Sk1.318 million; that is, it was 2.4 percent less than the first quarter (in the first quarter, compared with the fourth quarter of 1992, it declined 11.7 percent).

The total volume of output amounted to Sk84.4 billion and, compared to the first quarter, it declined 0.9 percent (in the first quarter, compared to the fourth quarter of 1992, it declined 6.5 percent).

Enterprises with 25 and more employees played a major role in tempering the decline in output; their share in overall industrial output in the first half of the year amounted to 91.6 percent. Whereas in the first quarter of 1993, compared to the fourth quarter of 1992, the overall volume of their output fell 11 percent, in the second quarter of 1993 it exceeded the level of the first quarter by 0.5 percent. The output increase in the production and processing of stone, clay, and ceramics (43.6 percent); in the extraction of non-energy raw materials (8.9 percent); in the production of vehicles (11.6 percent); in coking and oil refining (7.9 percent); in the manufacturing of food products and condiments (9.4 percent); in the production of metals and metal products (3.5 percent); and in the production of paper and printing materials (0.5 percent) played a role in this. At the same time, these branches also increased their share in overall output.

During the first half of the year, the key branches of Slovak industry—from the point of view of sold output—were the production and distribution of electricity, gas, and water (16.8 percent), foodstuffs (15.7 percent), metal production (14.5 percent), chemical production (7.2 percent), and the manufacturing of machinery and equipment (7.1 percent).

In the second quarter, the enterprises sold (in current prices) products worth Sk86.9 billion, which is the same as in the first quarter, while export sales worth Sk34.2 billion were—compared with the first quarter—21.4 percent higher. Of the goods sold as exports, 25.3 percent were metal products; 11 percent were chemical products; 9.3 percent were machinery and equipment; and 8.5 percent was accounted for by oil refining. The only decline recorded in exports in the second quarter, compared with the first quarter, was in leather and leather goods and in products not recorded elsewhere.

During the first quarter, the volume of overall industrial output amounted to Sk169.6 billion and, compared with the second half of 1992, it was 18.2 percent lower (compared with the same period last year, this is a decline of 15.2 percent).

An improvement was also recorded in construction in the second quarter of this year. During the second quarter, an average daily output of Sk175 million was achieved, which was 23.6 percent more than in the first quarter. The overall volume of construction output increased 25.6 percent (during the first quarter of 1993, compared with the fourth quarter of 1992, the average daily output and the overall volume declined 45 percent) to Sk11.2 billion.

In construction work in the second quarter, compared with the first quarter, the share of new construction for enterprises with 25 and more employees declined from 85.4 percent to 82.3 percent in favor—in particular—of repairs and maintenance, whose share rose from 12.2 percent to 16 percent. The amount of work abroad also declined 0.5 points to 6.8 percent.

During the first half of 1993, the volume of construction output reached Sk19.7 billion and, compared with the second half of 1992, was down 35.2 percent (it was down 21.8 percent compared with the same period last year).

Agricultural productivity in the first half of the year, measured by its added value, was—according to the preliminary results and despite a 7.3-percent decline in production measured by gross turnover—higher than a year ago (from Sk1.5 billion to Sk3.4 billion in current prices). This was made possible by the reduction in intermediate production. Receipts from the sale of agricultural products amounted to Sk10.5 billion in the first half of the year and were approximately the same in the two quarters. In the second quarter, compared with the first quarter, the share of receipts for animal products increased from 84 percent to 90 percent.

According to estimates for the yield from vegetable products, as of 15 July a reduction of 473,000 tonnes (16.5 percent) was expected in 1993, compared with the same period last year, in the basic cereal products. Output will decline in all basic kinds of cereals due to

lower yields per hectare. The total yield of early potatoes declined 13,700 tonnes (19.2 percent). The rape yield is 16,900 tonnes (35.1 percent) higher. Expressed in hay from the first yield of perennial feeds, less than last year was harvested; 173,600 tonnes (23.8 percent) less on arable land and 114,700 tonnes (21.7 percent) less on permanent pasture.

In the second quarter the sum total of animal products sold was greater than in the first quarter. Compared to the second half of 1992, only more slaughter hogs (3.4 percent) and sheep (17 percent) were sold in the first half of 1993, and the sale of calves was also commenced.

The extent of animal production in the second quarter was influenced by the slight decline in the number of beef cattle and hogs (with the exception of sows) and sheep (following a seasonal increase in the first quarter). The number of poultry, with the exception of chickens, continued to increase.

The aforementioned trend in sales in the second quarter has been sustained, in the case of slaughter animals, much to the detriment of numbers, since the number of beef cattle being fattened has fallen 7,800 head and the number of hogs has fallen 78,000 (in June compared to March). This is confirmed by the average daily material increases in feeding, whose changes are unsubstantial and constantly low. In the feeding of beef cattle in the second quarter, the increases amounted to 0.59 kilograms per head and—compared with the first quarter—they increased 3.5 percent (the same as in the second half of 1992; they declined 7.9 percent compared with the same period last year). In the feeding of hogs in the second quarter, the increases amounted to 0.44 kilograms per head and—compared with the first quarter—they declined 4.3 percent (compared to the second half of 1992, they also declined by 4.3 percent; they declined by 7.6 percent compared to the same period last year).

Milk sales were also influenced by the stabilization of the yield from dairy cows. During the first half of the year, the yield per cow was 1,448 liters. An increase of 29.6 percent in the second quarter, compared with the first quarter, was achieved due to the seasonal intensification of the yield as well as other animal husbandry measures. The level attained was only 0.3 percent lower than in the second half of 1992 (0.8 percent higher compared with the same period last year). The increase in egg sales was made possible by a 14.5-percent seasonal increase in production. Average production reached 113 eggs per hen and, compared with the second half of 1992, was 4.9 percent lower (5.9 percent lower compared with the same period last year).

During the first half of the year, slightly more interest was shown in the conveyance of goods by public freight transportation, since the volume of goods transported on average per day in individual months (except January) increased (however, it still lags considerably behind the 1992 level).

During the second quarter, an average of 299,000 tonnes of goods per day were transported; this was an increase of 10.5 percent compared with the first quarter (in the first quarter, compared with the fourth quarter of 1992, it declined 39 percent). The overall volume of goods transported was 11.7 percent higher (in the first quarter, compared with the fourth quarter of 1992, it declined 40.4 percent). In freight activity, the greatest increase was recorded in road transportation; river transportation recorded an increase of 19.3 percent and railroad transportation recorded an increase of 6.6 percent.

During the first half of the year, an average of 285,000 tonnes of goods were transported daily given the overall volume of 51,585,000 tonnes. At the same time, compared with the second half of 1992, the average daily volume declined 36.8 percent and the overall volume of goods transported declined 37.9 percent. In road freight transportation, productivity in tonne kilometers increased due to an increase in the distances traveled.

During the first half of the year, 440.6 million people—that is, 7.6 percent more than in the second half of 1992—traveled by private car. Some 46.7 million people traveled by rail, a decline of 11.5 percent.

According to the preliminary figures, 888,000 cubic meters of wood were logged in forestry management in the second quarter; this was 13.1 percent less than in the first quarter. The volume of processed salvaged wood—592,000 cubic meters—was 39.3 percent higher. Raw wood sales increased 10.5 percent to 793,000 cubic meters. Of the total amount of wood sold, 58.5 percent of sales were realized in the furniture and wood processing industries; 9.7 percent in agriculture and forestry management; and 16.5 percent among other domestic consumers. Some 122,000 cubic meters of raw wood were exported (six times more than in the first quarter). The 15.3-percent share of exports in total sales was 12.5 points higher compared with the first quarter.

During the first half of the year, the volume of logged wood, 1,910,000 cubic meters, was 8.4 percent higher, compared with the second half of 1992. The overall volume of sales, 1,511,000 cubic meters, fell 17.4 percent; 142,000 cubic meters—an increase of 8.4 percent—were exported.

In the second quarter, water and sewage treatment plants produced 143.3 million cubic meters of drinking water, which was 0.7 percent less than in the first quarter. The amount of drinking water invoiced to direct consumers—101.1 million cubic meters—was 7.8 percent lower. Some 107.3 million cubic meters of water were channeled through the sewage system; this was 6.6 percent more than in the first quarter and the volume of treated waste—118.5 million cubic meters—declined 0.4 percent.

During the first half of the year, compared with the second half of 1992, the volume of drinking water produced increased 2.3 percent, the volume of waste

water declined 0.6 percent, and the volume of treated waste water declined 1.1 percent.

Development in Select Sectors of the Regions

The density of the population, its territorial concentration, and its productive possibilities were manifested in the differences in regional development.

Of the total foreign capital invested in Slovakia, on 30 June 1993 most had been invested in organizations based in Bratislava (56 percent); the Poprad District (9.6 percent); Humenne (8.8 percent); and Nitra (5.5 percent).

By the end of the first half of the year, the highest level of registered unemployment was in the Rimavska Sobota District (21.6 percent); Michalovce (20.4 percent); Roznava (19.9 percent); and Velky Krtis (19.6 percent). The lowest rates were in Bratislava (4.3 percent); the Trencin District (7.7 percent); Liptovsky Mikulas (8.1 percent); and Kosice (8.4 percent).

The most industrial output (the enterprise form) comes from companies based in Bratislava (23.9 percent); Kosice (13.2 percent); the Trnava District (4.6 percent); and Povazska Bystrica and Nitra (3.6 percent each). Construction companies based in Bratislava (25.9 percent); the Zilina District (9.9 percent); Kosice-City (9.6 percent); and Nitra (5.7 percent) play the largest roles in carrying out construction work.

In freight conveyed by road, the largest volume of goods were transported by companies based in Bratislava (24 percent); Kosice (18.7 percent); the Banska Bystrica District (9.6 percent); Zilina (7.9 percent); and Prievidza (3.7 percent).

Of the overall receipts from the sale of goods and services in business, catering, and accommodation, the largest share was realized in Bratislava (18.5 percent); Kosice (4.6 percent); the Trnava District (3.2 percent); Banska Bystrica (3.1 percent); and Nitra (2.8 percent).

From the point of view of the economy's privatization, measured by the share of private firms (including foreign, international, and cooperative organizations) in the overall number of economic entities (listed in the company register), the most privatization was conducted in the Dunajska Streda District (94 percent); Galanta (93.5 percent); Komarno (92.9 percent); and Nove Zamky (92.7 percent).

During the first half of the year, the greatest increase in the volume of foreign capital was recorded in the Humenne District (from Sk0.1 million to Sk815.5 million); Velky Krtis (from Sk0.8 million to Sk215.9 million); Svidnik (from Sk0.4 million to Sk6.7 million); Zvolen (from Sk27.7 million to Sk215.8 million); and Nove Zamky (from Sk6.6 million to Sk41.4 million).

A Forecast for Development in Some Basic Economic Indicators in 1993

According to the opinions expressed by the entrepreneurial sphere with regard to development in the third quarter, a decline of 2.2 percent is forecast in industrial output due to stagnating demand and the seasonal influences of the suspension of production by enterprises. The enterprises forecast a more significant reduction in the mining of mineral raw materials; the production and distribution of electricity, gas, and water; the production of leather and leather goods; the wood processing industry; the production of paper; the production of rubber products; and the manufacturing of machinery and equipment. Stagnating demand is forecast by 65 percent of industrial enterprises (despite an anticipated increase in demand by foreign markets). As far as the trend of insolvency (74 percent of enterprises find themselves in primary and secondary insolvency) is concerned, 13.1 percent of enterprises expect it to decline.

Respondents in construction gave a similar forecast. Here, due to stagnating demand, a 2.0-percent decline is forecast in the amount of construction work carried out in accordance with suppliers' contracts. Some 53 percent expect a decline in demand, and 36 percent expect no change. Some 72 percent have insolvency problems, and a similar situation is also predicted for the third quarter.

On the basis of the aforementioned trends and statistical calculations, it is anticipated that the basic statistical indicators—taking devaluation into consideration—will achieve the following values:

A Forecast for Select Indicators on 31 December 1993

Indicator	Absolute Value			Indices	
	2d half '92	1st half '93	2d half '93	1st half '93/ 2d half '92	2d half '93/ 1st half '93
GDP in actual prices in Sk billions	(101.4)	93.2	96.8	(91.9)	103.9
Average no. of registered employees in SR economy in thousands	2,033	1,950[2]	2,025	95.7	103.2
Level of registered unemployment in percentages	10.4	12.5	14.0	—	—
No. of registered unemployed in thousands	260.3	318.1	360.0	122.2	113.2
Average monthly wage of employees in Sk	4,854	4,874	5,930	100.4	121.7
Aggregate consumer prices index	—	112.1[3]	122.6[3]	—	109.4

Indicator	Absolute Value			Indices	
	2d half '92	1st half '93	2d half '93	1st half '93/ 2d half '92	2d half '93/ 1st half '93
Aggregate cost of living index	—	111.0[3]	121.4[3]	—	109.4
Retail turnover and receipts in Sk billions at current prices	82.6	84.6	103.2	102.4	122.0
Actual prices index	—	—	—	99.0	113.7
Industrial output in Sk billions in 1992 prices[4]	203.3	169.2	179.5	81.6	106.1
—in actual prices	92.8	78.8	83.5	81.6	106.1
Construction output in Sk billions in current prices[4]	28.1	19.7	26.1	64.8	132.5
—in actual prices	15.9	10.3	13.6	64.8	132.0
Transportation of goods in billions of tonnes	83.1	51.6	49.0	62.1	95.0
Gross agricultural output in Sk billions	—	—	—	—	—
Slaughter animal sales in 1,000 tonnes	209.3	201.6	175.0	96.3	86.8

Indicator	Absolute Value[1]		Index Indicator
	1992	1993	1993/92
GDP in actual prices in Sk billions	201.3	190.0	94.4
Average no. of registered employees in Slovak economy in thousands	2007.5	1987.0	99.0
Level of registered unemployment in percentages	10.4	14.0	—
No. of registered unemployed in thousands	260.3	360.0	138.3
Average monthly wage of employees in Sk	4,483	5,400	120.5
Aggregate consumer prices index	—	117.4[3]	124.0
Aggregate cost of living index	—	116.3[3]	123.5
Retail turnover and receipts in Sk billions at current prices	150.1	187.8	125.1
Actual prices index	—	—	101.1
Industrial output in Sk billions in 1992 prices[4]	417.4	348.7	83.5
—in actual prices	185.8	162.3	83.5
Construction output in Sk billions in current prices[4]	49.9	45.8	74.1
—in actual prices	32.3	23.9	74.0
Transportation of goods in billions of tonnes	157.6	100.6	63.8
Gross agricultural output in Sk billions	36.8	32.0	87.0
Slaughter animal sales in 1,000 tonnes	411.6	376.6	91.5

Footnotes:

1: Revised estimate

2: Estimate

3: Compared to December 1992

4: Indices taking price influences into consideration

FIDESZ Chairman Views Election Prospects

AU1910124093 Budapest MAGYAR HIRLAP in Hungarian 16 Oct 93 p 9

[Interview with Viktor Orban, chairman of the Federation of Young Democrats, by Dezso Pinter; place and date not given: "The Fate of the Elections Has Already Been Decided to a Certain Extent"]

[Excerpts] [Passage omitted] [Pinter] In view of your previous decisions, where does your party stand in implementing its goals?

[Orban] The Federation of Young Democrats [FIDESZ] has been going through one of its most important phases in the past six months, since I was elected chairman of the party. Our party has taken a completely new image and our organizational restructuring will end soon; thus, FIDESZ will be comparable with any Western European party regarding its structure and internal firmness. We carried out extremely time-consuming and vital tasks, tasks that were not spectacular at all.

[Pinter] To what extent do you regard as final the profiles of the political forces ready to run in the elections scheduled for the spring of 1994?

[Orban] At the moment, the situation is extremely uncertain. Among the larger parties, so far only the FIDESZ and the Alliance of Free Democrats [SZDSZ] have created a more or less clear political image. I see great uncertainty in other parties, including the Hungarian Democratic Forum [MDF] and the Christian Democratic People's Party [KDNP]. At the same time, the Agrarian Federation is increasingly abandoning the role of a party dealing exclusively with agricultural issues and is slowly turning into a modern peasant's party. I honestly regret to see the complete organizational and sometimes ideological collapse of the Smallholders' Party. I am concerned about the internal conflicts within the various political parties, because the most important question today is whether a multiparty democracy will survive in Hungary, rather than how each party will do in the elections. It is impossible to imagine a multiparty democracy without parties that are organizationally firm and politically stable. If the parties engaged in politics are not firmly democratic parties between 1994 and 1998, we will not be able to bear the pressure of economic difficulties on our parliamentary democracy. [passage omitted]

[Pinter] Will the people who voted in favor of the FIDESZ in 1990 support your party again?

[Orban] According to the survey published by MAGYAR HIRLAP, we lost the smallest number of former voters, compared with the SZDSZ and the MDF. With the exception of the Hungarian Socialist Party [MSZP], we cannot speak about any other party completely winning over a given segment of our society. Generations are needed for the transfer of sympathies and predictability, and we do not yet have such traditions. [passage omitted]

[Pinter] Whatever the composition of the new government, it will hardly be able to function without the support of a broader segment of our society than the current support. Which program elements do you expect to lead the country out of the serious economic, social, and social-psychological situation?

[Orban] Regarding the economy, our internal resources are not sufficient to advance; therefore, a policy of isolation cannot even be considered. The Hungarian economy cannot be revived without considerable international support and foreign resources. Not even the MSZP—that makes most use of the weapon of social demagogy—claims that we can create a social system similar to that in Western Europe overnight. If there is no economic growth, we cannot count on social security either. We must openly admit this. I am convinced that we must and can make Hungary attractive again. The favorable image prevailing in the period between 1990 and 1992 is something of the past; interest has dropped both toward us and toward the region as a whole. One of the most urgent tasks of the new government will be to present a renewed Hungary to the world, a Hungary in which a dynamic young generation that thinks about politics and government activity in a pragmatic way is playing an important role. [passage omitted]

Central Bank Official Views Budget Deficit

AU2010091093 Budapest MAGYAR NEMZET in Hungarian 19 Oct 93 pp 1, 9

[Unattributed report: "1 Billion Schilling Bond—The Country Can Be Financed"]

[Text] We will have to continue to finance the 1994 budget deficit from domestic savings. To achieve this, we will have to raise the interest rate on state bonds to an adequate level. Frigyes Harshegyi, deputy chairman of the Hungarian National Bank [MNB] said this on 18 October. The news conference was held on the occasion that representatives of the MNB and the [Austrian] Girocredit signed the agreement of the 1 billion Austrian schilling bond that had been issued in September.

Harshegyi said that the combined budget deficit can indeed be around 350 billion forints [Ft] in 1994 but this number in itself is deceptive. This contains the sum of the expiring state bonds which is approximately Ft70 billion, therefore, the net financing needs are Ft180 billion [figure as published], and the Ft41 billion deficit of social insurance is added to this. It is expected that a large amount of interest will also have to be paid from the budget; the Finance Ministry set aside Ft49 billion in the budget for this but the MNB expects this amount to be smaller.

Depending on the bank consolidation, a further Ft10 to 20 billion expenditure is also expected in 1994. It is a

fact that domestic savings showed an unfavorable trend in the first eight months. Through the 1993 bond issues, the country's financing in 1994 is more or less ensured. Up to now, the MNB has appeared on foreign bond markets 13 times in 1993. This is resulting in a $4 billion credit inflow. The MNB has to spend $2.4 billion on repayments, therefore, the rest of the money partly increases the foreign currency reserves. It is partly only because there is a big deficit in the payment balance which is only partly financed by the incoming working capital. The level of foreign currency reserves has increased from $4.3 billion at the beginning of the year to $5.6 billion.

In the wake of the significant forint devaluation in September, exports rapidly increased. This is probably due to the fact that, speculating on the change of the exchange rate, the exporters withheld receiving the payment for the delivered goods and, because of this, it is possible that the deficit will be less than $2 billion. At the same time, the inflow of working capital is still fast and it will probably amount to $1.5 billion in 1993. The stock of loans taken on by enterprises is also increasing dynamically and it reached $800 million by the end of September. The country's financing needs are expected at some $2 billion in 1994. This can mainly be achieved through bond issues. If the situation on the bond markets becomes less favorable, due to its high current reserves, the MNB will be able to wait with the planned issues. The MNB expects that it will be possible to cover the deficit of the current payment balance by the incoming working capital —estimated at $1.3 billion—in 1994.

Poll Shows Prospective Voters Becoming Uncertain

AU1910151993 Budapest NEPSZABADSAG in Hungarian 18 Oct 93 p 5

[Unattributed report: "Voters Becoming Uncertain"]

[Text] The Szonda Ipsos [public op' mpany] conducts monthly public opinion su. 'ty sympathies and antipathies by, each ti. .ioning a different group of 1,000 people who represent the country's adult population. We chose the surveyed people through a random statistical selection to match the age, living place, and gender structure according to national proportions. This way, every adult Hungarian citizen who has a permanent address had an equal chance of getting into the sample. Therefore, the structure of interviewees according to other viewpoints (having a telephone, or interest in politics) is also very probably close to reality.

During the public opinion survey between 7 and 27 September, most people still "voted" for the Federation of Young Democrats [FIDESZ] (21 percent of the surveyed people), and the Hungarian Socialist Party [MSZP] again had the second place with 12 percent. The Hungarian Democratic Forum [MDF] and the Alliance of Free Democrats [SZDSZ] were in the third and fourth places with a nearly identical proportion of votes that has not changed for a long time. The only swap of places was for fifth and sixth places in the list. While the Independent Smallholders Party [FKGP] kept its 5-percent support, the proportion of people "voting" for the Christian Democratic People's Party [KDNP] decreased from 6 percent a few months ago to 4 percent. The chances of parties currently outside parliament are still not very encouraging.

If, in addition to the order, we compare the level of support for the parties, we can observe a very interesting change. We can find three parties—the FIDESZ, MSZP, and the KDNP—that lost 2 to 3 percent from their former voting basis. This resulted in the two leaders of the list getting closer to the "midfield " while their position comparative to each other did not really change.

In the case of the FIDESZ, this is the continuation of a few months long gradual decrease, while in the case of the MSZP, an upward trend has broken. Nevertheless, in spite of the weaker results, these two parties received more than half of the "votes." At the same time, the votes "lost" by these two parties do not appear at other parties, in other words, we have not found any political organizations that managed to increase their support. Therefore, it seems that, rather than the voters changing their affiliations or preferences, we can see a—probably temporary—uncertainty. This is well reflected by the fact that the proportion of "non-voters and uncertain people" increased to 38 percent by September from the 28 percent in July and 31 percent in August. This phenomena can also be observed in the decrease of the number of people who want to participate in the elections: The proportion of people who will "certainly go to vote" decreased from 54 percent to 50 percent.

People who would want to avoid voting consist of two groups, depending on their reasons. A group of them consider it out of the question that they would participate in parliamentary elections, while others do not exclude the possibility of voting, but they cannot tell which party they would vote for. Our data show that, rather than the size of the group that will not vote, it is the proportion of those who are uncertain that is unusually swollen. The reasons might be sought in the closeness of elections and the initial effects of the campaign period.

Editorial on Possible NATO Membership

AU2010090693 Budapest NEPSZAVA in Hungarian 19 Oct 93 p 6

[Editorial by Zsolt Szalay: "Where Are We Going?"]

[Text] "The Alliance cannot be maintained with nostalgic memories of historical achievements"—NATO General Secretary Manfred Woerner said recently. One of his similarly famous compatriots and also Woerner's successor as German defense minister was even more strict in his declarations. According to Volker Ruhe "the

time has passed over the old NATO" and it is not even worth saving it in its current form.

If this is so, and they should know, then it is really questionable whether the former Soviet bloc countries have nothing more important to do but elbow each other and bang on the gate of this "old alliance that is not worth saving" for acceptance.

This urgent desire for acceptance is understandable in itself, because Eastern Europe was not always able to make use of freedom, and the spreading of armed and non-violent conflicts, small-state nationalisms, and counter-nationalisms clearly prove this. Eastern Europe indeed needs defense, primarily against itself but, as the clear hesitation prevailing in Brussels, Washington, Bonn, London, and other capitals show, it is not NATO that will provide this defense. NATO will not provide this, and the stronger the knocking on its gates, the clearer the "no" coming as a response to requests of membership.

From this point of view, there is not much difference between the active "new democracies" in Eastern Europe. We are not accepted in NATO, but not because we became a "problematic country" as some opposition politicians and experts say. It is a fact that the habit of constantly reminding others of the harm done to the Hungarians and of the special treatment Hungary deserves (because we played a special role in starting the changes in the region) does no good, or at least it can be misinterpreted. Instead, it would be desirable and exemplary in our catching up with Europe if Hungarian foreign policy were generous enough to also offer its decision to renounce the peaceful alteration of borders with its neighbors, but this would not advance the cause of NATO membership. Nor is the claim that, with this, NATO would elicit Russia's opposition or suspicion, a reason for leaving us out, because the Russians themselves do not quite know what to think about this, and this transpires from President Yeltsin's statements and letters that contradict themselves.

Basically, the matter is that, in its current form, NATO is not suited to accept former enemies. Its political philosophy, priorities and military doctrine were not born to defend the squabbling Eastern European countries from each other and from themselves. NATO is not willing to make sacrifices for others not only on principle but also out of practical considerations. NATO members are healthily egoistic enough not to wish to die in Bosnia or to die at all; besides, no government risks falling because its soldiers die.

The scrambling Eastern Europeans are forcing the hesitant NATO leaders into an extremely painful diplomatic evasiveness when they keep saying that "naturally, the final solution will be NATO membership, but until then, and because we understand that this is not easy, please give us a little security guarantee, a little advance to prove that we can hope...."

However, it is relatively easy to see that if NATO wanted to provide security guarantees, it could also agree to our acceptance as members, because these two things are the same: NATO provides security guarantees to its members, and that is why they are members.

The North Atlantic Cooperation Council, a body that also has Eastern European members, has been the only fruit of this mutual delusion so far. This is a nice and an attractive forum, but it is not its task to decide on anything. It is only good for everyone to calm his conscience: for NATO members to be able to say "look, we have not hidden from them" and for those requesting acceptance to be able to say to their own voters "look, we are already at the door, at the threshold, and almost inside...." We are not inside, and this way we will not get there at all.

In other words, we should ponder whether it is worth continuing this show of begging that puts both sides in an unfair situation. Most probably not; we should wait until the United States and Western European themselves sweat out the answer to the historical situation that emerged with the collapse of communism and of the Soviet empire. If we keep pestering them, we will only slow down this rethinking process, a process that will obviously result in a different European, Euro-Atlantic, or Euro-Asian security organization, with clearly new principles and new membership conditions. Today it is hardly possible to foresee the statute of this new organization, but it is certain it will no longer be called a North-Atlantic Organization. However, we must wait for this, and outside the door....

Pawlak Continues Talks To Form Government

LD1910192393 Warsaw PAP in English 1816 GMT 19 Oct 93

[Text] Warsaw, Oct. 19—Designated as prime minister leader of the Polish Peasant Party (PSL) Waldemar Pawlak Tuesday [19 October] continued his talks on the formation of a new government.

After Wlodzimierz Cimoszewicz of the Democratic Left Alliance (SLD), Marek Borowski, a candidate for deputy prime minister responsible for economic affairs, Grzegorz Kolodko, a candidate for the office of finance minister, and present Minister of Internal Affairs Andrzej Milczanowski, Pawlak met with Leszek Miller of the Social Democracy of the Republic of Poland (SDRP) and Leslaw Podkanski, representing the Polish Peasant Party (PSL), currently the deputy minister for foreign economic relations.

Miller said after the meeting with Pawlak that they did not discuss the question of entrusting the Ministry of Labour to Miller. The meeting was of a consultative character and concerned the "broadly understood social policy issues." Miller stressed his considerable experience in social problems and policy. "I am a deputy from (the industrial town of) Lodz and to be a deputy representing Lodz, one must know a little about social policy," he said.

Leslaw Podkanski said Pawlak did not offer him a job in the government, though unofficial sources suggest that Podkanski will be made the minister of foreign trade in the new government.

Pawlak Explains New Government's Priorities

AU1910124293 Warsaw PAP in English 2057 GMT 18 Oct 93

[Text] Warsaw, Oct. 18—Waldemar Pawlak, who was designated prime minister on Monday [18 October], told a press conference in Warsaw that he would be starting talks with candidates for ministerial posts on Tuesday.

Pawlak, who is leader of the Polish Peasant Party (PSL), said that he wanted to present President Walesa with the names of the ministers in the new cabinet in the shortest possible time.

He thought it possible that the new cabinet would be formed and he could present his inaugural programmatic speech to parliament before the end of the week. He warned however that the expertise of future cabinet members was more important than the speed of cabinet formation.

Pawlak refused to provide any details of individual ministerial appointments but did say that most probably there would be 2-3 members of the Union of Labour (UP) in his government.

Pawlak revealed that he had asked outgoing Prime Minister Hanna Suchocka to ensure that departing ministers and heads of state institutions prepare details of matters which their departments are currently dealing with and which are important for maintaining continuity in the functioning of the state.

Pawlak thought that the most important priority of the new government was the creation of conditions for economic development, the formulation of a strategy for exports and for combating unemployment and the deterioration of education and culture. He pointed out that in recent years funds had been found for new structures of administration, but not for such areas as education and health.

Pawlak favored a fluid currency exchange rate between the dollar and the zloty rather than periodic devaluations of the zloty as occurred last month.

He maintained that agricultural policy had to be stable so that farmers could be certain of where they stood for the next 10 or more years. He wanted government funding to ensure that an "active agricultural policy" was put into operation.

On Poland's possible future membership of NATO, Pawlak said that, "in the coalition document (between the PSL and the Democratic Left Alliance-SLD) we expressed our intention of entering NATO. However a declaration from both sides is required, and NATO has not made such (a declaration) yet."

He added that the specific foundations of foreign policy would be formulated in a parliamentary debate, but it was certain that it would be a policy open to cooperation with the east and the north, not just to the west.

Daily Publishes Short Biography of Pawlak

WS1910132993 Warsaw RZECZPOSPOLITA in Polish 19 Oct 93 p 2

[Report by E.Cz.: "Biography of Waldemar Pawlak"]

[Text] Waldemar Pawlak, president of the Polish Peasant Party [PSL], has become prime minister for the second time. On 5 June, 1992, the president and the Sejm entrusted him with the mission of forming a new cabinet. That 33-day mission ended in failure, however, it was a major contribution to the increasing of Pawlak's popularity.

The new prime minister is 34 years old; he has a university degree—he graduated from the Department of Automobiles and Labor Machines at the Technical University of Warsaw. Since 1984, he has been running his family-owned 17-hectare farm in Kamionka, near Pacyna, in Plock Voivodship. He began his political career in 1985. He became a member of the United Peasant Party; he ran in elections on this party's ticket and became a deputy to the contract Sejm. In June 1991, this young and not very well-known deputy was elected

president of PSL. His task was to consolidate the party, divided in the times when Roman Bartoszcze was party president, which he managed to do perfectly well. PSL had 50 deputies in the first Sejm. The strong deputies' club of the peasants at first supported the cabinet of Jan Olszewski. After the fil[illegible]affair erupted, its votes sealed the failure of this government. From 5 June to 10 July of 1992, Pawlak unsuccessfully tried to form a Christian-peasant-liberal government. However, Pawlak strengthened his position in the party, which was confirmed at the PSL congress in November 1992. When he was the party's president, it acquired the image of a leftist party in terms of economic policies and a Christian-national party in terms of its ideology.

Waldemar Pawlak is married and has a daughter and two sons.

Presidential Aides on Constitution, Right Wing

WS2010083093 Warsaw TVP Television First Program Network in Polish 1900 GMT 18 Oct 93

[Interview with Andrzej Drzycimski, press spokesman for Polish President Lech Walesa, and Lech Falandysz, deputy chief of the President's Office, by Piotr Swiac on the "Directly From Belvedere" program; date not given—recorded]

[Text] [Swiac] The president keeps saying that he wants to introduce an equilibrium, that he wants the president's post to be a stabilizing factor for the state. I think that the country needs such stabilization badly. After all, we have had six prime ministers in the last four years.

[Drzycimski] We have had not just six prime ministers, but also this parliament will be our third. I think that if we take a look at this—this will be the third parliament, the sixth prime minister, and the fifth government —so if we take a look at this, one can see clearly against this background how the president's post, and he personally, is a stabilizing factor. He resolves problems, he assists in resolving the various difficult situations which arise quite naturally within this democracy, which we have to keep learning fast; we must overcome problems and the time gap, which was very big for Western democracies—they developed through evolution—whereas we want to accelerate the process through a revolutionary type of jump, so to speak. That is why we have a great task facing us now, of building and strengthening the right wing, which quite naturally lost its driving force during the various frictions, divisions, internal turmoils, and personnel conflicts. Right now, the right wing has to rebuild its lost strength. That process of rebuilding will be based, among other things, on the president, who will strive to achieve a balance of forces, because it is unacceptable to have a situation of the parliament leaning to one side, and almost one-third of the votes being left outside of parliament, I mean the votes by those voters who voted but failed to have their representatives in parliament. That is a very dangerous phenomenon for the future of democracy.

[Swiac] The situation the country has found itself in right now, I do not think is a very simple or easy one. That is because on the one hand we have a lack of established practice of cooperation among the state's highest organs of power, while on the other hand, we have the Small Constitution, in accordance with which a new government will be formed for the first time.

[Falandysz] The procedure is very simple. What happens is that the first move is up to the president, who designates a prime minister within 14 days of the first session by the newly elected Sejm. That is a new element, because under the previous law it was the Sejm that appointed the government, whereas now it is appointed by the president. The government is appointed once the president makes that decision. Then the government which has been appointed this way, has another two weeks to gain a vote of confidence in the Sejm, which is a kind of approval by the Sejm. I think that all signs are so far, that we will stop at the first step, that is to say that the government will be formed as a result of the measures I described. But in case that fails, the Sejm then takes the initiative by selecting a prime minister and a Council of Ministers within three weeks of that. If that fails, the president makes another attempt; if that fails then the Sejm makes another attempt; if all that fails, then the president is empowered to dissolve the Sejm or appoint a presidential government for a period of six months, and if that presidential government also fails, then all that ends in the dissolution of the Sejm. That is indeed quite an unusual type of procedure, and few of the world's Constitutions have this type of quite awkward procedure in them, but like I said—let us hope that the procedure will not have to be carried out beyond the first step.

[Swiac] Is the procedure outlined by you above—which is not a simple one—to be approved in the long run, as far as Poland's stability is concerned? I would not like you to go into the issue of whether the future political system is to be a presidential-parliamentary system, or a parliamentary-presidential one.

[Falandysz] Well, the Small Constitution is a very recent legal document—it has been in force for less than a year, and it is also a legal document which combines two traits, which are not easy to combine—namely it is not only the supreme law, but also a temporary one. So one can practically say that it is a step on the path toward a constitution proper. The introduction to the Small Constitution says that it was enacted for the purpose of making the functioning of the highest state organs more efficient, until such time as a proper constitution is enacted. At this point, one must say that practically speaking, the president has been working with a copy of the Small Constitution in his hand, so to speak, that is to say, it is him that has to handle the task of making preliminary and main interpretations of the Constitution's provisions. To give you an example, the issue arose as to whether the principle of separation of powers—it is to understood to also mean a balance of powers—provided for by the Small Constitution, is

indeed fully observed in its provisions. The president questions the contention that the principle is really observed, by saying that if a government appointed by the president is approved by the parliament, then in that case the president demands that a government elected by parliament, should also be then approved by the president. That is why we had the controversy over how many candidates the parliamentary coalitions were supposed to present to the president. I do not want to discuss that at length. I just want to say in general terms this much: The president is an advocate of the kind of interpretation of the Constitution, which can be called a functional interpretation. That is to say, he literally takes into account what the Constitution's introduction says—that the document's purpose is to improve the efficiency of the highest state organs. So it has to be the kind of interpretation of those provisions—which by definition are not completely clear and leave a number or gaps—whose goal is to make state organs function the best way possible. This approach to law could be described, in a way, as the American approach, as opposed to a strictly dogmatic approach to law, the kind of approach which is based primarily on legal language and semantics, without paying attention to real life—Germans were experts on that approach. So it looks like the president approaches the Constitution as a living law, the law which—after all—is supposed to make it easier for state institutions to function, not to make it more difficult. In my opinion, that approach deserves complete approval. And I think that the whole debate will be heading in that very direction, I mean the debate on a constitution which, after all, is only beginning in Poland.

Politicians Discuss 'Rifle Affair,' U.S. Ties

WS1910143093 Warsaw RZECZPOSPOLITA in Polish 19 Oct 93 p 2

[Report by Bernadeta Waszkielewicz and Pawel Reszka: "America Loses Popularity, Coalition Breathes a Sigh of Relief"]

[Text] The coalition members that are forming the new government sighed with relief when they learned that they would not have to settle the "rifle affair." Most politicians questioned were rather critical of the steps taken by the Ministry of Foreign Affairs [MSZ] in dealing with this affair; however, they do not want to voice their final opinions until the "white paper" is released. According to MSZ, it may be published as soon as Wednesday [20 October]. Zbigniew Lewicki, head of the Americas Department in MSZ, in an interview with Radio "Zet," said that 45 years of communist rule did not damage America's image in Poland so much as these 20 months of the "rifle affair." Many politicians confirm that America is losing popularity among a large portion of society.

A Plus for the New Coalition

"It is a good thing for the new coalition that the issue has come to an end. It would be a difficult subject that would have to be resolved. In this situation, the only thing left to do is be happy about it," said Michal Strak of the Polish Peasant Party [PSL]. The fact that the new coalition was lucky to arrive when this had successfully been completed, does not mean that it will attempt to take advantage of the "rifle affair" and use it against the old coalition.

Strak does not want to evaluate the actions of MSZ until the "white paper" (collection of documents, facts, and government responses in the case of the accused Poles) is published, even though he stresses that the negative evaluation made by those Poles will definitely affect opinions on this issue. He also mentions that there are MSZ civil servants who state publicly that the group of Poles was guilty. "They should draw conclusions from it," says Strak.

The PSL politician claims that the entire affair will certainly not make America very popular. He stresses that "even though 'normal Americans,' that is, the jury, decided that the Poles were not guilty, the civil servants who are responsible for the entire affair cannot count on gratitude."

Without Political Connotations

"The Poles were released; in this sense, we can speak about winners. However, we must put aside political connotations and speak about the legal reality of what really happened," replies Piotr Nowina-Konopka of the Democratic Union [UD]. He believes that the steps taken by MSZ were all along very intense (and they increased as time passed), even though they were not very efficient. "The critical statement of the five Poles is not fair. It was a very difficult thing because the affair was of a judicial, not state, nature. Decisions were not made in ministries, but in courts of law."

Nowina-Konopka is waiting for the "white paper." He thinks that the fact that Speaker Oleksy received the vindicated Poles was a nice gesture which pleased them. "It would be worse if the five Poles tried to settle the case as follows: MSZ, under Krzysztof Skubiszewski, on one side and the Sejm, under Jozef Oleksy, on the other."

Efficient Left Wing

Krzysztof Krol of the Confederation for an Independent Poland [KPN] is very critical of the steps taken by MSZ. He believes that they were not sufficient, especially when the Poles were still in Germany.

"Poland should ban extradition of our citizens to other countries," believes Krol.

According to him, there were attempts to take political advantage of the "rifle affair." There were suggestions, for example, that the imprisonment of the Poles would be a blow to the reform camp. Krol believes that, apart from that, the left, which is "efficient in propaganda," is taking advantage of the release of the five Poles. "We will soon see Oleksy wearing a miner's helmet in a mine,

Kwasniewski in a shipyard, and Miller digging a cable ditch. Anyway, such actions improve one's physical condition," says Krol.

According to the KPN leader, the "rifle affair" contributed to damaging the image of the United States; however, he does not overestimate this event.

There Will Be Time for Conclusions

Aleksander Kwasniewski of the Democratic Left Alliance [SLD] does not want to voice his opinion on the political consequences of the "affair." "The affair was bad. It is a good thing that the Poles have been released. They deserve a moment of rest; their families deserve a moment of happiness. It is time for MSZ to present the 'white paper'; there will also be time for conclusions."

According to Kwasniewski, the entire case should teach us how to efficiently defend the rights of our citizens abroad. "I really felt sorry for those people and Polish-American relations. We must be wise and not repeat this mistake."

The SLD leader believes that the first critical statements made by the released Poles on the Polish MSZ were emotional. He adds that SLD believed all along that the charged Poles were not guilty and it intervened. "All along we acted clearly, critically, and consistently in this case."

Let Us Not Enliven Demons

The Polish MSZ and consular establishments did not take care of the accused Poles well enough; they also did not defend their interests as they should have, believes Tomasz Nalecz of the Union of Labor [UP]. He also mentions that some MSZ civil servants stated beforehand that the Poles were guilty.

Despite that, the UP politician believes that the entire affair will not place a shadow over UD. "I would not link this to deliberate political behavior. It is rather the result of the heritage of the Polish People's Republic and neglecting the interests of the citizens."

Nalecz adds that UP is glad that the Poles were released, but it does not consider them national heroes. "I think that their 'adventure' may be a warning for all those who want to make transactions that are not entirely clear."

According to Nalecz, we should only be happy that Oleksy received the released Poles, if the speaker "wanted to show that the new government will be more sensitive to the problems of citizens, even if there is suspicion that a citizen may not observe laws abroad."

Nalecz is afraid that "demons may be enlivened"; he thinks that some periodicals are trying to replace the old demonic position of the Soviet Union with the United States. According to him, the United States turns out to be a positive character—it supplied proof of the impartiality of the U.S. judicial system.

Only Here

"This issue did not do much good for the previous government, which did not really know what to do and behaved in a terrible manner. It is proof of a lack of competence," believes Jaroslaw Kaczynski of the Center Accord. According to him, the "affair" did a service to SLD, which committed itself to defending the Poles.

Kaczynski also thinks that the case of the Poles will affect, to a certain extent, Polish-American relations, since it was not settled "in international relations, but by kidnapping citizens." In Germany, the Poles did not commit an offense; extraditing them to the United States was a "great exaggeration." The government did not do anything to prevent it. Even if they should have been sentenced to death, that could only be done here.

Onyszkiewicz Denies Fortifying Eastern Border

AU1910124693 Warsaw PAP in English 1827 GMT 18 Oct 93

[Text] Warsaw, Oct. 18—Defence Minister Janusz Onyszkiewicz on Monday [18 October] denied reports that "Poland is reinforcing its eastern border by concentrating troops there." According to these reports, the troops relocation resulted in a clause in the proposed Russian defence doctrine saying that Russia must garrison its western border and prevent Poland's integration with NATO.

Onyszkiewicz recalled that when the troops relocation to the eastern regions is completed, only 30 percent of the units will be stationed along the eastern border, the other 40 percent will be concentrated in western Poland, and the remaining 30 percent will stay in the central regions. Thus, the minister said, there is no such thing taking place as troops concentration in the east.

Admitting having no knowledge of the proposed Russian defence doctrine, the minister said that Russian policy is not very unequivocal in these matters, just to mention the declarations made recently by President Yeltsin in reference to Poland's membership of NATO.

Onyszkiewicz also pointed out that Poland is perceived as one of the countries which sooner or later will join NATO and this is "a sovereign decision of the alliance and Poland." Moreover, this integration is "in the interest of Russia because it would allow nato, a pact friendly to Russia, to extend its stable area of influence over some other countries," Onyszkiewicz said.

Minister Forecasts Rise in GNP of 4.5 Percent

LD1910234493 Warsaw PAP in English 1836 GMT 19 Oct 93

[Text] Warsaw, Oct. 19—Minister Head of the Central Office of Planning Jerzy Kropiwnicki, at a press conference in Warsaw Tuesday [19 October], presented some optimistic economic forecasts for Poland that envisage the Gross National Product [GNP] rising by 4.5 per cent,

industrial output by 7 per cent and inflation falling by around 6 per cent in 1993 as compared with the previous year. The prognoses have been based on data available after the first three quarters of the year.

Industrial production in the first nine months of 1993 was 7.8 per cent higher than in the same period of last year. The rise resulted mainly from the improved labour productivity which was up by 10.7 per cent in the industrial sector and by 22.7 per cent in construction and assembly plants as compared with 1992.

In the past nine months, financial condition of enterprises also improved with the profitability rate rising to 3.5 per cent as compared with 3.3 per cent last year.

According to Kropiwnicki, the year 1993 may be the last one recording growth in unemployment and decline in real wages and simultaneously the first year of high economic growth.

However, Kropiwnicki pointed to unfavourable situation in the construction sector and foreign trade. The negative foreign trade balance is expected to reach 2 billion USD as compared with the forecast trade surplus of 200 million USD. The largest deficit is recorded in Poland's trade with the EC countries.

The 1993 budget deficit is expected to be substantially lower than was initially envisaged and amount to about 65 trillion zlotys (3.3 billion USD), i.e 4.2 per cent of the GNP.

Iliescu Views Country's Position in Europe

AU1810135293 Bucharest DIMINEATA Supplement No. 91 in Romanian 9-10 Oct 93

[Recorded transcript of interview with President Ion Iliescu, by Mircea Serban, Budapest correspondent of Radio Free Europe, in Bratislava on 23 September 1993: "Romania, a Country Open to the Whole World"]

[Text] [Serban] Mr. President Ion Iliescu, first of all, I would like to thank you for granting us, Radio Free Europe, this interview on the subject "The European Universe and Its Current Political and Diplomatic Ambition." East Europe appeared as a result of the 1848 revolutions, World War I, and the dismantlement of the last empires: the Austrian-Hungarian, the Ottoman, and the Soviet empire. A "concept" that includes the relation between the center and the periphery came forth. Historical and social differences, as well as differences between Central and East European civilizations, with their own way of transition, with the problem of their citizens, and the ethnic issue, might harmonize or complicate, combine or dissolve the European universe. I would like to ask you, Mr. President Ion Iliescu, do you believe that it is opportune to resort to the cliche formulated in the style of the Yalta documents stipulating the "unity" of the post-Soviet world? Can you agree with the distinction between Central Europe and Eastern Europe?

[Iliescu] In connection with this area certainly everything is relative. Both geographical concepts and political concepts are included in these definitions. I find this less significant, although, judging things from this angle, Romania, from several points of view, can consider itself among those countries that are mostly situated in the central part of Europe. Romania belongs to Central Europe through its geographic position and, in fact, through its position within one of the three areas that are currently taking concrete shape, namely: Western Europe, which includes all those communities that have developed politically and economically after World War II and were confronted with the same Soviet danger, and which developed a certain concept about Europe called the Europe "of the twelve"—which is currently expanding—and also includes the states that belonged to the European Free Trade Association; then, the second area is the one to which we belong, the countries that are involved in a process of transition but which did not belong to the former Soviet Union; and finally, there is the former Soviet space. Such a division might be possible, because, indeed, each area shows certain characteristics, although even those countries that belonged to the former Soviet Union—the Baltic countries or Ukraine—could aspire to be integrated in this Central European area.

However, I would approach this process from another angle. It seems to me that a fundamental adjustment of mentality is necessary and a different way of approaching the issue of Europe. I think that, in spite of the processes that took place as a result of the dismantlement of conflicting blocks, the disappearance of the Warsaw Pact, and the political-ideological confrontation between the two blocs, the most serious problem left is the economic barrier between the two European components. The way in which this issue can be approached is indeed a very serious problem and it needs a new way in which the processes that currently are taking place on the European continent should be examined.

Unfortunately, we are still enfolded in certain prejudices and post-war concepts and the remnants of ideological intoxication can still be felt both inside our country, as well as in the Western world, among some politicians or in the mass media. This attempt to administer different treatment and introduce discrimination in the way certain countries in our region are dealt with, is an expression of ideological prejudice and the remnants of this intoxication, that I earlier called ideological intoxication. We are witnessing very serious objective processes taking place on our continent and the aforementioned schemes should be overcome when approaching these processes. We should adopt an appropriate approach to this issue of the European continent and the integration processes because today they are important for the whole of Europe.

Last June we held an interesting dialogue on this subject at the World Economic Forum in Crans Montana, where these viewpoints were debated and where this issue was very seriously examined. On the one hand, the Central and Eastern European countries, which were reproaching Western countries and economic-financial circles in the West for not understanding the essence of processes that are currently taking place in the East and not integrating in the common efforts of Europe's two components to overcome current difficulties brought about by the transition period, mostly the transition toward the market economy. This issue does not require an attitude of Western generosity toward the countries in Central and Eastern Europe or a humanitarian action in our assistance; we do not ask for help; we do not ask for pity; we do not want anybody to cry in compassion for the problems and difficulties that we are facing. We believe that it is in the interest of West European countries as well as of our own countries to achieve another platform for approaching this common issue that is currently confronting our European society in all areas and mainly in the area of transformations in the world economy.

Today, the West is confronted with big economic problems, with the phenomenon of mass unemployment—35 million jobless without any prospects—and many speakers in Crans Montana described these processes with concern. After World War II, the West started to develop the third sector, namely the service sector, which absorbed the mass of people released from agriculture and industry as a result of the very rapid technological progress that characterized the whole economic development in the postwar period. Today, this chance no longer exists, because the third sector itself is affected

by automation processes and data processing has entered all sectors of social life. Therefore, there is a real concern to seek solutions to these problems.

I have said that it is in the interest of the West, and of Europe in general, to make joint efforts to examine problems, draft common strategies, and establish a framework of partnership between people who are connected by common interest. The economic development of the countries in Central and Eastern Europe also gives a chance to the West. The development of those countries' economies on a new, viable, dynamic, and modern basis, the establishment of competitive market economies, that can promote technological progress and relaunch, on a new and efficient basis, these economies, is also a chance for the West to restore its economy.

Therefore, I would like to pass over those ways of approaching the subject that have been overtaken by the course of history and that no longer respond to current tendencies of development processes in Europe. As a matter of fact, several people told me at the Crans Montana meeting that indeed, the Western political way of thinking is still confined to outdated schemes of the concept of the Europe "of the twelve," a way of thinking that was stimulated by the idea of the common enemy, that is, the Soviet threat. Today, we live in a completely different world and this differentiation in approaching the problem of the countries that are involved in transition and this tendency to look at East Europe only as if looking at a "hinterland," that is, only as a potential market for the developed economies of the West, is a practice exceeded by history and counter-productive for all, both for the East and the West, and of course for Europe in general. We must be treated from a position of partnership, on the basis of joint interests and equality. In addition, I should mention that ours is an area with a great potential, material and human resources, and a great potential of human intelligence, which has been accumulated along the years and which places us at the level of developed and modern countries. However, there are difficulties in this process of transition that should be approached seriously, without these schemes of petty political confrontation which, unfortunately, pollute our domestic political life as well as the current political way of thinking at an international level.

[Serban] Mr. President Iliescu, what do you think motivated the changes that took place in 1988-1989 in the Eastern European area in general and in Romania in special?

[Iliescu] There are profound motivations. They are part of the essential processes in the evolution of contemporary civilization. All this dismantlement of the totalitarian political systems in the former Soviet empire and the countries that were under Soviet influence, as well as the destruction of their economies, address a fundamental issue, namely, that on a political plane, these systems proved to be inefficient and did not respond to contemporary requirements of progress. However, a total nihilism regarding this period in the history of those countries is also a limited attitude toward this issue, because we cannot help comparing the primitive accumulation that took place in those countries with the primitive accumulation of capital in developed European countries of today that has lasted for several hundreds of years and has claimed very high social costs. Everything that has been described, not only in Marx's "Capital" but also in the entire classical English and American literature regarding this painful social progress, achieved through the elimination of the small-scale producer and of the small owner in order to promote a concentration of capital, to promote industry, to establish big and economically efficient units, all this in our case, took place through the so-called socialist accumulation, which also meant material potential in industry and the modernization of agriculture within the given limits. It is true that this accumulation was carried out mainly through those branches that achieved a rapid circulation of capital—agriculture and light industry—but material and intellectual accumulation also took place. In a country where 80 percent of the population was working in agriculture, living in villages, and had a large number of illiterates, as was the case of Romania, nevertheless, we can boast a medium intellectual level of the population, mainly among the young people, something that brings us closer to countries with a high level of intellectual potential. The material and human potential of these countries create completely different prospects in the restructuring process, in this activity of reorganizing social life on new bases, of setting the political life on democratic foundations, of establishing a state of law, and of promoting the market economy. Thus, I say that the totalitarian system failed because it worked in contradiction with its own theses and the economic goals that it promoted: To build a better and more just society, in which exploitation of man by man would be eliminated and human values would be promoted. In fact, that was a society in which the individual and the individual's initiatives were stifled. As far as the economic area is concerned, the super centralized systems of administration and leadership, in which the political factor dominated over the economic factor and in which the state became the direct administrator of the economy, proved to be inadequate for that stage of historical development.

In the history of human civilization there were old rural civilizations that were also based on hierarchical structures leadership, but they were valid in a certain stage of history with a very slow pace of development and it took centuries or millennia for significant changes to materialize. In a stage of historic development, when the dynamic character of technological development conferred an unprecedented dynamism to economic development, such lethargic systems, with rigid, mechanical management structures failed. This was the failure of a system of management in which the political factor played the decisive role in the economy. This proved to be wrong. Thus, this was the failure of a system in which the political factor was the decisive factor and took priority over the economic system.

Thus, these were the major reasons for changes and for the ideological basis of these political and economic structures. This is a historical experience that civilization has acquired and all kind of conclusions can be drawn from this experience for the future.

[Serban] According to certain opinions, the explanation for the fact that Romania is the only Francophone country in Europe, should be sought in romantic fairy tales. Mr. President, how do you view France's position toward Romania in particular and toward Central Europe in general? What is your opinion about the Balladur project?

[Iliescu] First of all, the Francophile character of the Romanians is not only based on certain romantic elements, but has some fundamental elements as well. We are a Latin country and we belong to the big family of Latin European countries. Thus, this is an affiliation and the fundamental element that, on a spiritual level, connects us with France and all the other Latin countries as well.

Secondly, there are political factors. In all the battles, especially in the last century, that Romania and the Romanian people waged for the assertion of the national being, for independence, and for establishing the modern Romanian state, France was the country that consistently supported us. And the Romanians do no forget. This support to establish and assert the modern Romanian state and later, the united national state after the World War II, has stayed in the historic memory of Romanians.

Likewise, for many generations on end, a great number of valuable and important intellectuals have studied in France, and they brought the mentality of the French culture to our country and created fundamental ties that can be found in our entire cultural, intellectual, and philosophical development.

Thus, these ties have very deep roots.

As far as France's current position is concerned, we also hailed the open position expressed by France in the first days after the 1989 December revolution and the support that France granted us in European bodies and in international organisms. We also value the direct, bilateral relations that have developed, diversified, and have been placed on new foundations in this period. From this point of view we are confident that our relations will develop on new bases and will be amplified by the rich traditions of our revolutions.

As far as the Balladur plan is concerned, we were a little surprised by a few elements it included and we expressed this view clearly. On the one hand, certainly we hail any new initiative that appeared in these years regarding the establishment of a new framework of general stability on our continent. We have actively participated in the CSCE process. We signed the Paris charter, which is a general framework that worked out a joint action of all European countries, for political and economic integration and for the establishment of a framework of equal security for all states on the continent. Likewise, our ties with NATO and with the Western European Union have had precisely this goal, namely to establish a framework of cooperation that should eliminate all sources of tension that have appeared in a new form in this part of the continent. The Balladur plan includes mainly issues of security in Eastern Europe. And it seems to me that this has some inadequate nuance and a slight note of arrogance—the West is coming to assist stabilization in the East? I believe that relations on the European continent should not be approached from such positions and in such a framework. The stability of our continent is an element that connects us all through our joint interests and the idea that refers to possible corrections of borders opens a "Pandora's box" and is at variance with the principles declared at Helsinki and in the Paris Charter. Any alteration of those principles might lead to an endless process. Therefore, we drew the attention of France's representatives to these elements, namely that they cannot stop only at relations among countries in this area, that is, East or Central Europe, because the processes taking place here might have more serious consequences for the entire continent, including France. And I learned that the French Government has received positively our position and our remarks and I was even told that they intend to eliminate this provision from the Balladur Plan, which would be a very wise act.

[Serban] When talking about nationalism, Adam Michnik views it as the last refuge of communism. President Iliescu, what do you think about nationalism?

[Iliescu] I believe that Michnic has a unilateral approach to this issue. Nationalism basically also has positive elements, namely, the clean national feeling, connected with the assertion and defense of national interests. The idea of nationality and nation and the self-determination of nations started as a factor of progress. The 19th century was dominated by this aspiration toward self-determination and toward the assertion of the national being and, it was said that World War I was inspired by Wilson's principle of the self-determination of nations. Certainly, there are also extremist manifestations. There are excesses of nationalism that exceed what used to make up the constructive element and the constructive essence of national feeling and there is nationalist exclusivism, which reaches the level of chauvinism and xenophobia. This does not belong exclusively to communism. I would say that it appeared even before communism, as an ideological system. Thus, extremism and chauvinism have various nuances and generally they feed on each other. They also appear in the social life, mainly in moments of crisis, that is, economic, social, and political crisis.

It was not accidental that the thirties were the years of affirmation for such excesses, national chauvinism and fascism appeared precisely against the background of a deep crisis in European society, and not only that. And it is not accidental that currently it has appeared in the

center and eastern part of the continent as a result of a deep crisis in these countries. Thus, we are witnessing the manifestation of two contradictory tendencies: In the Western part of the continent there is this tendency toward political, economic, and human integration among countries that were formerly in permanent conflict; a new, democratic platform has developed and a natural and normal framework of mutual esteem and respect appeared together with the desire to overcome nationalist resentments and nationalist exclusivist manifestations. Meanwhile, in the east and central part of the continent we witness the development of certain extremist feelings and certain extremist nationalist attitudes and manifestations, which not only have their roots in the communist ideology, as Mr. Michnik said, but also in such phenomena that appear in the social life at critical moments and at times of general crisis.

[Serban] My last question refers to President Ion Iliescu's role in the Romanian foreign diplomacy.

[Iliescu] About foreign policy I can say that according to Romania's Constitution, Romania's president has individual tasks in the field of foreign policy. As a matter of fact, there are two areas in which the Constitution stresses and describes in concrete terms the individual tasks of the president in the field of national defense and of foreign policy. In general, the president is a constitutional factor of balance and dialogue between the elements of the leadership, between the leadership and society, and a factor of mediation. He has no direct responsibilities in the activity of the executive power but is not only a factor of representation either, as happens in other countries with a parliamentary regime in which presidents are designated by the parliament and have only a protocol role. In our country, the president has a more active role in the general political life of the country and thus, in the field of foreign policy, he has personal responsibilities.

[Serban] Mr. President Ion Iliescu, on behalf of our listeners and on my own behalf, I would like to thank you for this interview.

Defense Communique on Spiroiu Visit to Germany

AU2010131593 Bucharest ROMPRES in English 0942 GMT 20 Oct 93

[Text] Bucharest ROMPRES, 20/10/1993—Wednesday, 20 October, the military delegation headed by Romania's Minister of Defense returned from a working visit to the Federal German Republic at the invitation of Germany's Federal Minister of Defense Volker Ruehe, the press office of the Romanian Army informs.

The Romanian minister of defense and his German counterpart had talks about bilateral military cooperation and the progress made towards European security, with a stress on the two countries' concern for the forestalling of critical situations in Europe and the world.

The sides signed "The Agreement Between the Ministry of National Defense of Romania and the Federal Ministry of Defense of the Federal German Republic on Cooperation in The Military Field"—a document that spells concrete ways and means for experience swaps, exchanges of ideas and information on training of troops, military and security policies, military courts, internal administration, activities for reserve military, military sporting competitions, and brass bands.

During its visit to Germany, the Romanian military delegation met and had talks with Dr. Fritz Wittman, president of the Bundestag's defense committee, with Dr. Bernd Wilz, secretary of state for parliament at the Federal Ministry of Defense, and were shown the Koblenz center for internal administration and the fighter-bomber squad 33 based in Buchel.

Magureanu: SRI Has List of '1989 Terrorists'

AU1910182693 Bucharest ADEVARUL in Romanian 15 Oct 93 pp 1, 2

[Report by Adrian Ursu on a news conference given by Romanian Intelligence Service Director Virgil Magureanu, in Bucharest on 14 October: "The Terrorists Exist and I Will Disclose Their Names"]

[Text] For over three hours Virgil Magureanu, the newly reappointed head of the Romanian Intelligence Service [SRI], stood in the limelight in front of the microphones. Submitted to the merciless questioning of journalists, the SRI head proved his perfect mastery of the art of dissimulation and rhetorical ricochet.

Talking about his own personal data, Magureanu admitted that he is a person who has "normal training" but is "not incompatible with the office he holds," although sometimes he is "unacceptably tolerant"; he was never a member of the repressive structures of the former Securitate (during the hearings preceding his investiture he admitted being a member of the Foreign Intelligence Service), but on the contrary, "for over ten years, I was the subject of surveillance carried out by repressive bodies." He also reasserted his profession of faith, namely that "each citizen should be granted access to his or her own Securitate file." Referring to those files, Magureanu said that they should not be kept in the SRI archives any more. The SRI also wishes to part company with employees who have been proven guilty of serious abuses (mostly illegal tapping of telephone conversations or violating the secrecy of correspondence) or who fraudulently founded companies while in the service of the SRI. All such people have been eliminated from the body he is leading, Magureanu said.

Referring to the attributes of the SRI, Magureanu admitted that investigations have proven that in certain mountains in Romania—for obvious reasons, he did not reveal the precise location—paramilitary groups have set up special training camps (for similar reasons he avoided mentioning the constituents and the goals pursued by those groupings.) However, the head of our intelligence

service reassured us that they are under control, like various networks of organized crime that have penetrated Romania.

The SRI is also keeping an eye on Caritas [the Cluj-based nationwide Ponzi scheme], although not directly, but rather with a view to its collateral effects, such as the leakage over the border of hard currency obtained as a result of investment in that scheme or illegal dealings done with money obtained from Mr. Stoica [the proprietor of Caritas]. In order to find out whether Magureanu really "knows about everything," the journalists (some of whom had a personal interest in the answer) asked him to state his opinion regarding the Caritas phenomenon. "Since I do participate in Caritas, I am in no position to tell you about the virtues or defects of that scheme," replied the SRI director rather ambiguously.

Equally ambiguous was his comment on the June 1990 events [the miners' first incursion into Bucharest], about which the SRI has already produced a report establishing that "political extremism on the part of both parties to the conflict" led to the triggering of violence "against a background of collective delirium." Magureanu considers that part of the responsibility for the escalation of those events lay both with the SRI—which at the time was "informationally disabled"—and with the then leaders of Romania.

We can feel secure while talking on the telephone, as Magureanu has reassured us that the list of tapped telephones includes only those registered under to people who are a danger to Romania's national security.

Another gratifying thing revealed by the SRI director was that they have completed a list of the names of the December 1989 terrorists. The list will be passed on to the parliamentary panel controlling the SRI's activities and the one investigating the December 1989 events. Magureanu pointed out that the report is based on facts that can be absolutely proved, even if some of them contradict findings published by other institutions or bodies.

Rally Protests Tiraspol 'Political Murder'

AU1910204993 Bucharest ROMPRES in English 1853 GMT 19 Oct 93

[Text] Bucharest ROMPRES 19/10/1993—A rally took place in Bucharest on Tuesday, protesting against the political murder planned in Tiraspol through the mock trial where a sentence is going to be heard soon.

The participants in the rally, which started downtown and ended in front of the Embassy of the Russian Federation, chanted "freedom for Romanians," "boots off Bessarabia," freedom for Ilascu," "down with Communism."

A declaration was read out in front of the Russian Embassy, cautioning authorities in Bucharest and Chisinau that, because of their passivity, they were held responsible before the history for the murder of the five patriots detained in Tiraspol. People chanted "we want justice, not set-up trial." An appeal to the Russian Federation and President Yeltsin was read out afterwards asking them "to intervene in order to avoid the political murder." "The intervention would represent a proof that the Russian Federation observes the human rights and that the Russian Federation is distinct from the former Soviet Union," the appeal reads.

Reportage on Iliescu Visit to South Africa

WA2010142093

For South African reportage on the visit to the Republic of South Africa by President Ion Iliescu, including reports on his talks with President F.W. de Klerk and African National Congress President Nelson Mandela, see the Republic of South Africa section of the 20 October Sub-Saharan Africa DAILY REPORT and subsequent issues.

Foreign Media Bulletin: Balkan Crisis 20 October

WA2010172193

The following is an overview of current FBIS reporting on events in the Balkans. It supplements other FBIS reporting and consists primarily of selected summaries of longer reports. For reference purposes, serial numbers of the longer reports are provided.

SUMMARY

Croats, Muslims exchange prisoners ... Muslims return UNPROFOR armored personnel carrier in Sarajevo ... Bosnian Army accuses western Bosnian leader of allying with Serbs ... Macedonian trucks reportedly turned back from Greek border.

HUMANITARIAN

CROATS, MUSLIMS EXCHANGE PRISONERS (Zagreb Radio): Red Cross spokeswoman says 1,037 Muslim and Croatian prisoners have been exchanged in Konjic and Gabela, swap expected to continue. (LD2010120493)

UN PROTECTION FORCES

MUSLIMS RETURN UNPROFOR CARRIER (Sarajevo Radio): After UNPROFOR suspended efforts to restore water, electricity in Sarajevo, Muslim troops return armored personnel carrier captured in ambush on UNPROFOR soldiers. Sarajevo Radio refers to UNPROFOR suspension of assistance as "blackmail" that punishes "innocent residents." (AU2010120893, AU1910131493)

POLITICAL

BOSNIAN ARMY: ABDIC COLLUDING WITH SERBS (Sarajevo Radio, TANJUG): Bosnian Army accuses western Bosnian Muslim leader Abdic of "working in accord" with Serbs in Bosnian and Croatia in an attempt to bring down Izetbegovic government. Abdic warns that "fanatic murderers" who support Izetbegovic may "very soon infest all major towns in western Europe" unless they are stopped now. (AU1910213693, LD1910122493)

SPILLOVER ISSUES

GREEKS RETURN MACEDONIAN TRUCKS: Macedonian press agency MIC reports that 10 Macedonian trucks were turned back by Greek border authorities who demanded that the trucks' documents "have the name former Yugoslav Republic of Macedonia" written on them. (AU1910205993)

Croats, Muslims Exchange Prisoners After Delay

LD1910224093 Zagreb Radio Croatia Network in Serbo-Croatian 2200 GMT 19 Oct 93

[Text] A convoy with over 300 Croats released from Muslim camps in Konjic arrived in Goranci near Mostar after a 12-hour delay. The arranged exchange of prisoners between the Muslim and Croatian sides finally took place after 2200. Zdenko Vranjes reports from Mostar.

[Vranjes] The exchange was due to take place at 1000 this morning on the arrival, as arranged, of a convoy with about 520 Muslim prisoners of war released by the Croatian side from a detention camp in Dretelj this morning. However, Croatian prisoners were not released until late this evening.

The exchange is to resume tomorrow. The Muslim side should release about 100 prisoners of war from the left bank of the river Neretva in Mostar, and 55 people from Zenica. The Croatian authorities of Herceg-Bosna must release 75 people.

UNPROFOR Suspends Repair Work in Sarajevo

AU1910131493 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1100 GMT 19 Oct 93

[Report by Zoran Pirolic]

[Text] As of today, Sarajevo residents, who have been subjected to all sorts of blackmail and suffering since the beginning of the war, are being held hostage by UN Protection Forces [UNPROFOR]. As UNPROFOR representative Bill Aikman reported at the regular news conference, the Bosnia-Herzegovina command of the peace troops had decided as of today to suspend any assistance to Sarajevo to repair damaged transmission lines, water pipes, and clear the town and tram tracks. UNPROFOR will only continue to help distribute food and evacuate the seriously wounded.

The reasons for such a dramatic step by UNPROFOR, which primarily punishes the innocent residents [words indistinct] because the soldiers of the 1st Hill Brigade in Sarajevo have still not returned one armored personnel carrier to UNPROFOR. (?One) armored personnel carrier was yesterday returned with the equipment (?in the vehicle intact) but without the arms, Aikman said.

Two armored personnel carriers of the peace troops and nine soldiers were taken prisoner by members of the 1st Hill Brigade and citizens of the settlements on the slopes of Trebevic on Saturday afternoon [16 October] [words indistinct] fierce aggressor's attacks at Sarajevo. All the soldiers were immediately released, the armored personnel carries were detained, while UNPROFOR's role in these events remains unclear.

The decision by which the population of Sarajevo is being blackmailed was passed by Generals Jean Cot and Francois Briquemont. With this decision the blue-helmet soldiers have for the first time in their history used humanitarian aid as a weapon.

[Words indistinct] statements that the UNPROFOR commanders signed with the Bosnia-Herzegovina authorities and the Army and with the two aggressor sides, it was particularly insisted that electricity, water, and other services not be used as a weapon. The UN representatives, who especially insisted on such a clause, are now using [words indistinct] blackmail themselves. This is a (?highly unfortunate) step that will deeply mark further UNPROFOR action in this country.

In several cases when the aggressor's [word indistinct] side attacked the UNPROFOR forces there was no action forthcoming, with the exception of stern protests to Pale that have long passed [words indistinct]. On 25 July the Serbian artillery destroyed several UNPROFOR combat vehicles in (?Zeljeznicar soccer club stadium), with virtually no consequences. A few days later UNPROFOR positions near the radio and television hall were targeted from the aggressor's positions, but the peacekeepers again remained silent. On this occasion the entire town has been punished for a seized UNPROFOR vehicle.

Therefore, as of today UNPROFOR has withdrawn any help to Sarajevo in repairing the infrastructure, clearing the town, restoring public transportation, and in other activities. If by any chance Sarajevo airport is closed because of a minor incident, the question would inevitably arise: Why is this bureaucratic organization still here?

Official Accuses UN of 'Animosity,' 'Blackmail'

AU1910204693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 19 Oct 93

[Interview with Hasan Muratovic, chairman of the Bosnia-Herzegovina Commission for Cooperation with the United Nations, by Mladen Bosnjak, in Sarajevo on 19 October—recorded]

[Text] [Bosnjak] Mr. Muratovic, the statement from UNPROFOR [UN Protection Forces] on its suspension of any further help and cooperation, all activities connected to the repair of the infrastructure, had an unpleasant ring to it, as these activities determine whether Sarajevo will have electricity, water, and gas. You are the chairman of the Bosnia-Herzegovina Commission for the Cooperation with the United Nations. This Commission held a meeting with UNPROFOR today. I would like to ask you how you in the Commission assess the new situation?

[Muratovic] We held a regular session of the Commission and we covered all the issues on the agenda on which we normally cooperate. However, UNPROFOR has now suspended some operations and some of its duties, particularly those connected with humanitarian aid. UNPROFOR has also been delaying for two days

now the transport of a delegation of ours to Moscow, where it should solve the question of gas. They said that this was not connected to the incident [in which UNPROFOR vehicles were seized after moving into a combat zone], but that it was because of the general situation and the lack of security, but we know what the real reason is.

We first drew UNPROFOR's attention to the fact that they had made a spectacle out of an event that was their own mistake. We said we would do all we could to solve the situation and to return the other vehicle to UNPROFOR, even though we are not under any obligation to do so, considering the circumstances under which the vehicle was confiscated from them.

Second, we expressed our disagreement with—and assessed as scandalous—UNPROFOR's statement at today's news conference, and their decision to blackmail us using their humanitarian operations into returning the vehicle. We advised UNPROFOR to halt immediately the boycott of the humanitarian operations, to revoke their decision, and if they did not do so within 24 hours, we would proclaim those who are preventing humanitarian operations as personae non gratae, and request them to leave the country. We need here only those UNPROFOR people who will help, not people who blackmail us because of situations that are purely of their own making.

[Bosnjak] You must remember a recent event when the aggressor bombed UNPROFOR units at Zetra stadium. If one compares the confiscation of two vehicles and some equipment, as happened on 16 October, to that, these are certainly not events that can be compared in all seriousness. However, UNPROFOR's reaction was completely different on the two occasions. Was that example given to prove UNPROFOR's inconsistent behavior and attitude toward the Serbian aggressor and the Bosnia-Herzegovina Army, respectively?

[Muratovic] Of course, we mentioned that case. We drew their attention to the fact that UNPROFOR did not react the same way to the international or domestic public when their headquarters in Zetra was literally demolished, and several of their vehicles were destroyed. We also pointed out that we know that Chetniks are still driving around in UNPROFOR vehicles that they have seized, and that UNPROFOR is not even trying to get them back.

They gave us the standard reply there, saying that UNPROFOR was always trying to remain neutral. But, in fact, they did not have an adequate response to our comment.

[Bosnjak] In other words, the impression remains with the Bosnia-Herzegovina citizens that we are being blackmailed with humanitarian operations where such blackmail should definitely not take place.

[Muratovic] Mr. Bakir Alispahovic, who is a member of the Commission, literally said that he would like to hear an explanation from UNPROFOR as to why they are going out of their way to oppose the Bosnian side, and why they have recently been showing such animosity toward us. So we told them in so many words that we do not think they are neutral.

[Bosnjak] Just one more question to conclude this interview. UNPROFOR is, so to speak, just one arm of the United Nations, that is, one segment of what the United Nations is undertaking when it comes to solving the Bosnia-Hercegovina drama. Will the Commission that you he[illegible]higher up than the people responsible in UNPR[illegible]

[Muratovic] [illegible]st of all, we want this situation to be sorted out. We, the Commission, have recently had very good cooperation with all the UN organizations. We have had a lot of support for organizing certain contacts that are important to us, and we expect this situation to be overcome. However, we will still hold a news conference and inform foreign reporters about this case and about our view concerning it.

[Bosnjak] I meant whether you were going to inform the United Nations, the Security Council, or the Secretary General?

[Muratovic] We have not done anything like that. The Presidency, or the president might take some measures, but we know that these things are solved through diplomatic contacts, and without much of a public presence.

[Bosnjak] Mr. Muratovic, thank you very much for this conversation.

Army Claims Abdic Works in Collusion With Serbs

AU1910213693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 19 Oct 93

[Text] The Bosnia-Herzegovina Army Press Center has issued a statement today:

It is becoming increasingly obvious that, in the realization of their secessionist aims, Fikret Abdic and his followers in Velika Kladusa are working in accord with the political and military leadership of the so-called republic of Serbian Krajina. The Serbian artillery fire has been synchronized to the actions of Abdic's secessionists, and this is obviously the realization of the agreement between Fikret Abdic and Nikola Koljevic reached on 11 October in Maljevac.

In despair over the fact that he can not sell his secessionist initiative in Cazin and in other parts of the Bihac region, Abdic has once again sought the advice of his Serbian consultants. That is why it came as no surprise that two days ago Rajko Stevic, minister of the self-proclaimed autonomous province of western Bosnia, appeared at the session of the assembly of the so-called republic of Serbian Krajina.

As for the regions of Johovica and Skokovi, they are under the control of the 5th Corps units, while Abdic's followers are still opening provocative small arms and artillery fire. Their artillery has been pounding our positions coincident with the Serb artillery from positions in Krajina. The aggressor has been particularly active on the Buzim, Bihac, and Bosanska Krupa fronts. The Serbian aggressor has continued the regrouping and reinforcing of his forces, and the movement of armored-mechanized units has also been reported in the region of the Serbian Krajina. Despite that, all the 5th Corps positions are stable and firm. This has been stated by the Bosnia-Herzegovina Army Press Center.

Army Reportedly Preparing Attack

LD1910220893 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 19 Oct 93

[Text] Izetbegovic's units are again amassing on the demarcation line around the Velika Kladusa municipality. Their commander, Ramiz Drekovic, has said that he will take the whole area by tomorrow, and will publicly hang the people and their leader, Fikret Abdic, in the main town square.

After Drekovic's units launched attacks on the fringe areas of the Velika Kladusa municipality, the Defense ministry and police of the autonomous province of western Bosnia issued a strong protest. If the Sarajevo authorities do not give up the policy of violence we regret to have to say that we will be forced to respond in kind, which will result in a defeat of Izetbegovic's units but also in more human suffering, the protest says.

Abdic Denounces 'Fanatic Murderers'

LD1910122493 Belgrade TANJUG in English 1149 GMT 19 Oct 93

["Pool" item]

[Text] Belgrade, Oct 19 (TANJUG)—Leader of the rebelled Muslims in the western part of civil war-torn Bosnia-Herzegovina Fikret Abdic on Tuesday [19 October] cautioned Europe that it would 'fail unless it resists (Alija Izetbegovic's) fanatic murderers who may very soon infest all major towns in western Europe.'

An announcement by the autonomous province of western Bosnia (APWB), proclaimed by Abdic's followers in September, said 'nothing may suppress the will of all people' regarding western Bosnia's autonomy.

Liberal Muslim politicians Fikret Abdic, unlike Bosnian Muslim leader Alija Izetbegovic, endeavours for peace to be established with Bosnian Serbs and Croats.

The three nations (Muslim, Serb, Croat) in the ex-Yugoslav Republic of Bosnia-Herzegovina have been warring against one another for over 18 months.

The APWB announcement asserted that Izetbegovic was now ordering massacres of all Muslims who disagree with his increasingly abortive policy.

Serbs Target Sarajevo With Tanks, Mortars

AU1910191393 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 19 Oct 93

[Text] The aggressor's artillery has not been quiet today. This is best confirmed by the timing with which the chetniks have been using their artillery against Sarajevo.

At 1100 the chetniks fired four mortars at Dobrinja Five and Vojnicko Polje. At 1250 a tank from Nedzarici fired five shells at Vojnicko Polje and Dobrinja, and two at Alipasino Polje. Apart from that, Vojnicko Polje was also hit by three 60-mm mortars but without any consequences. At 1330 one mortar landed in Ivana Krndelja Street, killing one, and wounding another civilian. One mortar landed in Cetinjska Street, seriously wounding two people. One mortar was fired at Cengic Vila.

Snipers were active in Kranjcevic Street and Djuro Djakovic Street. At 1420 three mortars were fired from Blagovac at Ugorsko. At 1605 two mortars were fired at Kobilja Glava. Three tank shells were fired from the area of Sucur Kuca in Vogosca at the Hrasno district. At 1610 a howitzer from Tukovo fired at Zabrdje, which was also hit by two 82-mm mortars that were fired from Dvor.

So today, too, can serve as a warning to all Sarajevo citizens that the aggressor presents a constant danger to the lives of the civilians in the city as he is not selective in terms of either the time or the targets for his lethal artillery attacks.

Bosnian Serbs Claim Right to Neretva Left Bank

LD1910162093 Belgrade TANJUG in English 1431 GMT 19 Oct 93

[Text] Nevesinje, Oct 19 (TANJUG)—Bosnian Serb leader Radovan Karadzic has warned that Bosnian Serbs will never give up their rights to the left bank of the Neretva, in the south of the war-torn former Yugoslav republic of Bosnia-Herzegovina.

At a meeting held on Monday night with representatives of the civilian authorities of Nevesinje and the Serb municipality of Mostar, Karadzic explained that Bosnian Serbs should get historical borders south and north of Mostar.

Karadzic said Bosnian Serbs would have obtained these territories in agreement with Bosnian Croats "had it not been for an effort by the international community to expand the Moslem state southward, to the Adriatic."

Out of over 10,000 Serb refugees registered by the Nevesinje Red Cross, some 90 percent have fled Mostar, Capljina, Konjic and other towns in southern Bosnia-Herzegovina.

Formations of local Moslems and Croats—in the beginning of the civil war in Bosnia, at the time when they were allies—carried out complete ethnic cleansing of Mostar and the Neretva left bank, by killing or expelling some 45,000 Bosnian Serbs, and by robbing, burning and destroying their homes, churches and monasteries.

The Geneva peace talks broke off on September 1, after Bosnian Moslem leader Alija Izetbegovic had requested more territorial concessions to Moslems.

Presidency Pardons Croatian Soldiers

AU1910200693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 19 Oct 93

[Report by Edhem Badzak from Konjic]

[Excerpts] Konjic was today one of the centers that marked the start of the operation to release war prisoners from HVO and Bosnia-Herzegovina Army prisons. The other such place was Gabela in Herzegovina. [passage omitted]

Today's release of the prisoners from the prisons in Konjic and Zabrdje, held by the HVO, was attended by Bosnia-Herzegovina Foreign Minister Haris Silajdzic, Zaim Baskovic, member of the Bosnia-Herzegovina Army Supreme Command, Amor Musovic, chairman of the state Commission for Exchange, and his associates, Dr. Ivo Kontic, and father Petar Randjelovic, representatives of the International Red Cross, the Konjic commune, and representatives of the HVO from Zabrdje and Turija.

The operation to release the prisoners started on the basis of the plan presented to the Bosnia-Herzegovina Government and the HVO by the International Red Cross. According to information received from Mr. Mustafa Bijedic, charge d'affairs of the Bosnia-Herzegovina mission in Geneva, who accompanied Minister Silajdzic, half the 1,500 prisoners have been released from the HVO prison in Gabela. The other half are supposed to be released this week.

As for the prison in Konjic, which is under the Bosnia-Herzegovina Army control, all 324 imprisoned HVO fighters have been released. At the same time an agreement was reached for the release of 48 imprisoned members of the Bosnia-Herzegovina Army from the HVO prison in Zabrdje, among which are the well-known members of the Tuzla delegation. The release of the prisoners from the prison in Zabrdje was supposed to take place two days hence, but it was achieved today thanks to the cooperativeness of the representatives of the HVO and the direct involvement of father Petar Randjelovic, pastor of Bosnia Srebrna, and Mr. Ivo Kontic.

By the way, a number of men under investigation were among the imprisoned HVO fighters that were released today from the Konjic prison. The Bosnia-Herzegovina Presidency pardoned them as a gesture of good will in order to make this operation a thoroughly successful one, and to strengthen the trust that is one of the main aims of this humane gesture. [passage omitted]

UNPROFOR Reports Bosnian Anti-Tank Missile

AU1910140393 Paris AFP in English 1338 GMT 19 Oct 93

[Text] Sarajevo, Oct 19 (AFP)—Bosnian government forces used a missile they were not known to possess to destroy a tank of the Croat HVO militia in central Bosnia, a UN Protection Force spokesman said Tuesday [19 October].

The existence of the Sagger missile of Soviet design was not previously reported in the region and it could not have been made locally, spokesman Bill Aikman said.

An international arms embargo is in force against the parties to the conflict in former Yugoslavia.

Aikman said the tank destroyed Monday at Gornji Vakuf was one of several shelling the town, aiming at a factory near the government front lines. It was hit by the missile as it approached the factory.

Radio Sarajevo meanwhile reported that Gornji Vakuf was relatively calm Tuesday.

Aikman also reported the evacuation by truck of between 5,000 and 10,000 civilians from the Croat enclave of Vares, some 60 kilometres (35 miles) northwest of Sarajevo) towards Serbian positions.

It was not known whether they were Serbs or Croats.

UNPROFOR observers had signalled extensive Croat troop movements in the region of Kiseljak, 35 kilometres (25 miles) west of Sarajevo, Aikman said.

Mediators To Hold Talks With Tudjman on Krajina

AU1810151593 Paris AFP in English 1503 GMT 18 Oct 93

[Text] Zagreb, Oct 18 (AFP)—Lord Owen and Thorvald Stoltenberg, co-chairmen of the international conference on former Yugoslavia, arrived here for talks Monday [18 October] with Croatian President Franjo Tudjman, the UN Protection Force [UNPROFOR] headquarters said.

Owen, who represents the European Community, was due to return to London Tuesday while Stoltenberg, appointed by the United Nations, is to continue his mission in the region until the end of the week, UNPROFOR said.

Diplomatic sources in Geneva said Monday's talks would cover the conflict in the Croatian district of Krajina, where local Serbs have proclaimed independence and called elections for November 21, and the possible resumption of peace talks on Bosnia-Herzegovina.

The sources said the mediators were trying to arrange bilateral negotiations between Croats and Serbs to avoid an escalation of the Krajina crisis.

Refugees From Central Bosnia Expected in Ploce

LD1910230093 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 19 Oct 93

[Report by correspondent Tihomir Cvitanovic from Ploce]

[Excerpt] A large convoy of refugees numbering more than 100 trucks, buses, trailers, and other vehicles transporting about 4,500 Croats from central Bosnia left Vares last night. According to a report from the office for refugees and displaced persons of the Croat republic of Herceg-Bosna, the convoy is expected to arrive in Capaljina [in Bosnia] early tomorrow morning. After a brief rest for refreshments, 1,500 refugees will go on to Ploce where everything is ready to accommodate them. The ships Istria and Liburnija—that are tomorrow expected to take the refugees to Pula where accommodation is awaiting them in Istria—anchored in the port of Ploce this afternoon. [passage omitted]

Istrians Oppose Influx of Bosnian Croat Refugees

LD1810200893 Zagreb Radio Croatia Network in Serbo-Croatian 1800 GMT 18 Oct 93

[Text] The Croatian Government's Office for Refugees and Expelled Persons announced today that the head of the office, Adalbert Rebic, visited Pula, in Istria, on Friday [18 October]. During his meeting with the prefect of Istria, Luciano Delbianco, he discussed possibilities for the gradual resettlement of 3,000 to 4,000 refugees from central Bosnia on the territory of the county of Istria as part of a comprehensive program for the resettlement of newly-arrived refugees in Croatia.

There were many reactions to this plan in Istria today, mostly opposing the possibility of accommodating the newly-arrived unfortunates from Bosnia on the Istrian peninsula.

The leadership of the county of Istria today upheld the conclusions of this weekend's sessions of Istria's municipal leaderships, which expressed their disagreement over the arrival of the refugees from central Bosnia. It was pointed out that the Istrians have to cope with many social problems of their own, which are compelling many of them to emigrate abroad. The arrival of the refugees from central Bosnia could alter the local demographic structure and cause many other problems that will prevent this region from developing its tourism and trade in the desired direction.

A special Istrian delegation will leave for Zagreb tomorrow for talks with the prime minister.

The Presidency of the Istrian Democratic Assembly rejects this plan primarily because, they said, local authorities did not take part in the decision-making on its implementation.

A session of the leadership of the former municipality of Porec was held this morning. It was said that 2,500 refugees have already been accommodated in the Porec area and that roughly the same number has not been registered. That is why it was assessed that a fresh tide of Croat arrivals from central Bosnia would have an adverse effect on the economy of this region, as well as on the economy of Croatia in general. It was concluded that the resettlement of the refugees was a decision reached by the central state authorities, and that the responsibility of the Defense Ministry should be investigated because this ministry had mediated in the resettlement of the refugees.

RSK's Jarcevic Sends Protest Letter to Cot

LD2010112593 Belgrade TANJUG Domestic Service in Serbo-Croatian 1054 GMT 20 Oct 93

[Text] Belgrade, 20 Oct (TANJUG)—Slobodan Jarcevic, the foreign minister of the republic of Serb Krajina [RSK], has sent a letter to General Jean Cot, the commander of the "blue helmets" for the former Yugoslavia, the Krajina ministry of foreign affairs announced today.

In his letter, Jarcevic reminds Cot that "the Croatian Republic has not withdrawn its Army and police from the territory of the RSK captured in the aggression of 9 September this year."

Appreciating Cot's testimony about the Croatian Army's crimes in Divoselo, Pocitelj, and Citluk, Jarcevic expresses hope that the general will be equally "honest in demanding that Croatia be adequately punished and discouraged from committing similar crimes in the future."

The RSK foreign minister expects the general to keep "his promise that the Croatian Army and police will withdraw at the request of the UN Protection Forces."

"We demand that you force Croatia to withdraw and enable the surviving people to return to their villages to repair the damage done in the vandal destruction and to harvest and sow the fields," Jarcevic stresses.

Krajina SDS Leadership Proposes Babic for President

AU2010080793 Belgrade BORBA in Serbo-Croatian 19 Oct 93 p 3

[Report by Dj. Majstorovic: "Babic a Presidential Candidate"]

[Text] Knin—The leadership of the Serbian Democratic Party [SDS] of Krajina for Kordun at the meeting held in Vojnic proposed to the Main Committee of the party that Dr. Milan Babic in the name of the SDS of Krajina should accept the presidential candidacy at the forthcoming presidential elections in the republic of Krajina.

With a statement from this meeting, the SDS has started its electoral campaign because it does not doubt for a moment that the presidential elections will be held in the republic of Serbian Krajina on 21 November as scheduled. It was demanded at this meeting that the SDS Main Committee of Krajina hold its session in Plitvice on 28 October.

"The elections are inevitable to safeguard the legitimacy of the authorities at the internal and international level. The first democratic multiparty elections probably will not resolve all the problems and bring qualitative results, so it can be expected that the elections be repeated in the coming year," Djordje Bjegovic, prime minister of the government of the Serbian Krajina, said yesterday in an open program on Radio Knin.

Martic Calls For Opposition to Hadzic's 'Junta'

AU1910212893 Belgrade POLITIKA in Serbo-Croatian 19 Oct 93 p 10

[Report by Djuro Djukic: "Are the Army and the Police About to Clash"]

[Text] Petrinja, 18 Oct—The announced denouement did not take place at the last session of the Krajina assembly in Plitvice. Can one conclude that, after what has happened in Beli Manastir and Plitvice, the crisis in political relations in the Serbian Krajina is becoming increasingly acute?

After the session was disrupted in Baranja and the problem came to the surface, everyone thought that this was a personal dispute between President Goran Hadzic and [Interior] Minister Milan Martic, which led to the rift among the deputies. These two were expected to cool their passions and stop accusing each other, something that would serve to calm the general situation and focus attention on the forthcoming elections, which no one, at least not publicly, has anything against.

However, apart from calls for urgent elections and the appointment of the missing ministers in Bjegovic's cabinet, nothing else that happened in Plitvice was able to lead to a compromise or the calming of tensions in the Krajina political leadership. On the contrary, the clashes between Martic and Hadzic have become even more acute and have reached a very dangerous level. According to what has been happening in Krajina recently, the political conflict has been joined, so far, by the police on one side and the army on the other. This can be concluded from the fact that, during the parliament's session, according to both official and unofficial information, the military leadership met several times. Goran Hadzic, president of the republic and the supreme commander of the army, revealed changes in the defense law, which give more powers to the military authorities in relation to the civilian. The assembly deputies interpreted this move as the introduction of military rule, even a military coup.

In addition to Hadzic, General Mile Novakovic, together with the general staff, were also sharply attacked. Many saw Hadzic and Novakovic as members of the same camp. Their "alliance," as could have been anticipated, does not only stem from the fact that the former, as president of the republic, is the supreme commander of the Serbian army, and the latter the commander of the general staff, but also from the fact that they hold the same views about Martic.

At a session of the ministry of internal affairs, Martic said with a raised voice that "we must stay side by side," and that the "military junta" must be opposed.

David Ristovic, who was the most vociferous speaker during the discussion, and who is the most ardent among the deputies calling for changes in the military leadership of the Serbian army of Krajina and the establishment of responsibility for the Croat incursion in the so-called Medak pocket, spoke in the assembly session about a conflict between the internationalists and the nationalists. According to him, the internationalists are those who are thinking about the cohabitation of Croatia and Krajina and the reintegration of the former Yugoslavia. The officers of the Serbian army were given the task of achieving this idea in the Serbian Krajina. They are supported by a communist faction from the Federal Republic of Yugoslavia and the League of Communists-Movement for Yugoslavia. This was stated by Rastovic, who is president of the Donji Lapac commune and a Krajina assembly deputy. He also stressed that the nationalists, to whom he does not belong, will never accept this because this means the end of Krajina.

The Krajina Radicals also reacted with a public statement. They hold the view that despite the decision adopted by the assembly for elections to be held, "all realistic suppositions indicate that elections will not be held." The

Radicals hold President Hadzic responsible for the postponement and possible cancellation of the elections. According to them, "he has lost the confidence of the people and most members of parliament, and is therefore usurping power with a coup d'etat and a military dictatorship." According to the Radicals, President Hadzic has avoided a no-confidence vote because of the way in which the deputies were manipulated by [assembly chairman] Paspalj and the irresponsible behavior of a group of deputies who walked out of the session. The Radicals think that parliament expressed no confidence in Hadzic by expressing confidence in Milan Martic.

The Serbian Radicals will demand on Saturday [23 October] that the assembly suspend all decisions of the president of the republic contained in Article 78 of the constitution of the republic of Serbian Krajina that permit the usurpation of power and disfranchisement of the assembly, and that Hadzic be stripped of his immunity for abusing his post so that criminal proceedings can be started against him.

RSK Official Reports Serbian Roadblock on Hadzic

AU2010120693 Belgrade BORBA in Serbo-Croatian 18 Oct 93 p 1

[Report by E.M.B.: "Road Blocked to Hadzic"]

[Text] Plitvice—During the recess of the meeting of the assembly of the republic of Serbian Krajina [RSK] at Plitvice, Assembly Chairman Mile Paspalj confirmed the report that 30 to 50 people blocked the road between Dvor and Glina against a vehicle carrying RSK President Goran Hadzic the day before yesterday. "People did not want the president to be driving around until the people completed the wheat sowing," Paspalj said and added that Baranja "really lacks fuel for harvesting corn."

Paspalj confirmed to journalists that four RSK leaders visited Serbian President Slobodan Milosevic a few days ago, that Belgrade is "the center of Serbian politics," and that Krajina people were advised that their approach should be "cool-headed."

Paspalj also confirmed the report that representatives of the RSK Government met Cazin Muslim leader Fikret Abdic a few days ago, but added that it was said at these meetings that "Krajina is not going to act militarily in the clash among the Muslims themselves. Only traffic and economic contacts are possible, however those can be realized as well only if Abdic's Muslims do not attack the RSK or collaborate with Croatia against the RSK."

Croatian Government Takes Over Slovene Holiday Homes

AU1910195893 Ljubljana Radio Slovenia Network in Slovene 1430 GMT 19 Oct 93

[Text] Following yesterday's demand by the Slovene Foreign Ministry that the Croatian Government thoroughly explain the reasons for taking over the holiday homes of the Slovene companies in Novi Grad, Istria, the Croatian Embassy in Ljubljana sent the following explanation to our foreign ministry today:

The Croatian Government has decided on this step because of a recent great influx of refugees from central Bosnia and Banja Luka. The West European states cannot accommodate all these refugees and thus expect the Republic of Croatia to provide for at least some of them.

The Croatian Government tried to accommodate some of these refugees in buildings where there are still vacancies, however, there was not enough space for them and the government commissioned the Defense Ministry to prepare former military barracks for the accommodation of refugees. The Croatian Defense Ministry has offered a building in Pula that is not habitable for the time being and needs to be renovated. It has, therefore, been proposed in Pula that a certain number of refugees for a maximum of 60 days be settled in the holiday resorts of Pineta and Mareda near Novi Grad.

The Croatian Embassy in Ljubljana explains that the settlement of refugees in the holiday homes of the Slovene companies is only temporary, until the barracks in Pula are fit for habitation. The Croatian Defense Ministry office in Pula has obliged itself to fully protect foreign property and owners of holiday homes in the process of settling the refugees.

The Croatian sides asks the Slovene side for understanding in light of the newly emerged situation.

Peterle: Preparations Halted

AU1910195993 Ljubljana Radio Slovenia Network in Slovene 1430 GMT 19 Oct 93

[Statement by Foreign Minister Lojze Peterle; place and date not given—recorded]

[Text] The Foreign Ministry on 14 October 1993 received the first news about certain activities of the Croatian Defense Ministry concerning the settlement of refugees from central Bosnia in holiday resorts Pineta and Mareda. On the same day we asked our embassy in Zagreb to officially verify the information and obtain an official explanation from the Croatian Government. We also approached the Croatian Embassy in Ljubljana on this and formally contacted the Croatian Foreign Ministry.

The Croatian side explained that only preparatory work, such as cataloging of inventory, has taken place so far and not a settlement of refugees itself. At the same time the Croatian side assured us that in accordance with standard practices, the settlement of refugees will be implemented in agreement with the owners of holiday homes, meaning legal entities, while private property has been ruled out as accommodation for refugees.

All activities of the Croatian Defense Ministry have been halted pending receipt of the owners' consent.

The Foreign Ministry will insist on unfailing respect for Slovene property in Croatia.

Croatian Daily Warns of 'Aggressive Nationalism'

AU1910124893 Zagreb VECERNJI LIST in Serbo-Croatian 13 Oct 93 p 56

[Report by Vlado Zagorac: "A Wave of Aggressive Nationalism"]

[Text] Threatening letters, burning down of newsstands and setting houses on fire in Velenje have one thing in common—the nationality of those who are the target of such crimes.

The already existing xenophobia in Slovenia is growing into aggressive nationalism. A wave of nationalism has been spreading ever since the home of a non-Slovenian family near Slovenj Gradec was attacked with stones several months ago. Since that time there has been a vigorous campaign that those Slovenian citizens who originate from another former Yugoslav republic and have double citizenship give up one.

The people are very scantly informed about the event that happened in Velenje last Friday. Someone set the front door of an apartment belonging to a Slovenian citizen on fire and painted a green-colored half-moon with a star on it. Now it is known that an Albanian's stand was also burnt down in the same town soon after he had received a threatening letter. All this has been bothering the population of Velenje, a town with a nationally mixed population. These events fit very well into the campaign led by the National Social Alliance of Slovenia, based in Velenje, which has been diligently collecting signatures for a referendum that could cause the Law on Citizenship to be repealed.

Regardless of this campaign, the Slovenian Parliament started a procedure for the change of the Law on Citizenship, within which rightist movements require—"in the national interest"—that all those citizens who were not Slovenian citizens before the country attained independence be deprived of Slovenian citizenship, which would affect almost 170,000 people. Many of them obtained Slovenian citizenship by signing the Statement of Good Intentions, which was accepted by the Parliament just before Slovenia became independent. Marjan Poljsak, a member of the Parliament, explained that the DEMOS parties made a good decision at that time, because it was important that Slovenia reach independence with as few victims as possible. Poljsak says that

this decision can be forgotten today. During yesterday's [12 October] Parliament session, numerous changes in the Law on Citizenship were discussed. The leader of the Slovenian National Party, Mr. Zmago Jelincic, offered a "new list of the former Yugoslav People's Army officers who live in Brezice and Novo Mesto," which also fits into the campaign against the non-Slovenes.

Even during the first nationalist provocations, Slovene intellectuals were drawing parallels with the xenophobic actions in Germany. Mr. Gunther Seibert, the German ambassador to Slovenia, spoke about this problem in the Committee for the International Relations of the Slovenian Parliament, stating that a certain number of young people in Germany showed hatred toward foreigners. He said that it was encouraging that the majority of the German population clearly and decisively proved that it did not approve of such attitudes.

There has been no outright rejection of the xenophobia and nationalist provocations in Slovenia so far, but it has to be admitted that the people were not informed at all on the report given by the German ambassador.

Federal

Government Proposes Increase in Budget

LD1910165793 Belgrade TANJUG Domestic Service in Serbo-Croatian 1439 GMT 19 Oct 93

[Summary] Belgrade, 19 Oct (TANJUG)—At today's session chaired by Prime Minister Radoje Kontic, the federal government concluded a review of the federal budget for this year. According to the Federal Information Ministry, the federal government has proposed that the budget be increased by 120 times.

The federal budget will still account for 10.6 percent of the gross domestic product. Overall public expenditures in the Republic of Serbia should amount to 42.2 percent, and in Montenegro to 3 percent of the earmarked gross domestic product of the Federal Republic of Yugoslavia.

Russia Promises To Help Lift Sanctions

AU1910070893 Belgrade BORBA in Serbo-Croatian 11 Oct 93 p 3

[Interview with Russian Deputy Foreign Minister Vitaly Churkin, Yeltsin's special negotiator for the Yugoslav crisis, by BORBA Moscow correspondent Djuro Bilbija; place and date not given: "I Have No Recipe For Bosnia"]

[Text] Russia firmly supports the attitude that the economic sanctions introduced against Yugoslavia because of the war in Bosnia-Herzegovina must not be bound to anything else. This means that a possible removal of the sanctions must not be bound to the solution to the problem between the Republic of Croatia and the republic of Serbian Krajina. This is not included in the last resolution passed by the UN Security Council, otherwise Russia would not have voted for this resolution.

The position of Moscow, which has caused different commentaries in the world, and especially in Yugoslavia, Mr. Churkin explained for BORBA in the following way:

[Churkin] We really think that the last UN Security Council resolution did not include a solution to the conflict in Croatia as a precondition to the removal of the sanctions against the FRY [Federal Republic of Yugoslavia]. Before the final version of the resolution was passed, we had clearly stated that the sanctions were introduced because of the war in Bosnia-Herzegovina, and that it was not possible to bind them to any other issue. Before voting in the Security Council, we studied the text of the resolution proposal very carefully and came to the conclusion that the resolution did not contain any such condition. That is why we voted for the resolution.

[Bilbija] Do not you think that the resolution makes it a condition for the admission of Yugoslavia to the United Nations, to the CSCE and other international organizations that "the situation in Croatia is normalized?"

[Churkin] The whole text of the resolution is very delicate, so that various interpretations are possible. I think, however, that the problem has to be viewed from another aspect: The situation in the former Yugoslavia can become normal again only if the problem of Krajina is solved, and if relations between Croatia and the FRY are reestablished. As long as these relations are not normal, there will be certain impediments to the admission of the new Yugoslavia to all international institutions. I would like to point out that even if the last UN Security Council resolution did not exist, there would still be certain impediments, but I do not think that there is a direct connection between the international status of the FRY and the situation in Croatia.

[Bilbija] Does this mean that "the Croatian situation" will not be a condition for the regulation of the Yugoslav position in the United Nations?

[Churkin] Yugoslavia must realize that it should not primarily be bothered by the resolution. The resolution does not contain anything whatsoever that could make difficulties for Yugoslavia. Yugoslav problems do not arise from the resolution, they are rather a consequence of the bad relations with the Republic of Croatia. This is the problem that must be solved. The international community cannot be blamed for everything, although I know that most of these accusations are unconscious. It was not the international community that created problems that arise from the mutual unwillingness of the Republic of Croatia and the FRY to recognize each other. As soon as the basic problem has been solved, all other things will become insignificant; the attitudes and resolutions of other countries, and their affinities and aversions will be unimportant.

[Bilbija] How does Moscow interpret the interruption of the Geneva peace talks and the recent Muslim attitudes, which seem to grow harder from day to day?

[Churkin] I am very much concerned by the latest events in Bosnia. I hope that the Muslims have not spoken their last word yet, but I have no recipe how to get out of this dead end street.

[Bilbija] What do you think about the decision taken by the parliament of the republic of Srpska and the parliament of Herceg-Bosna to annul their earlier consent to territorial concessions to Muslims?

[Churkin] These decisions cannot be acclaimed, but the Serbs and Croats announced them. In spite of this, I do not think that everything is lost. I believe that the situation can be solved if the Muslims return to negotiations with clearly defined intentions. The situation can still be improved, and all three parties to the conflict should therefore restrain from everything that could make the situation incurable. It is not yet incurable.

[Bilbija] The UN secretary general, Mr. Butrus-Ghali, has just informed Mr. Vladislav Jovanovic, the Yugoslav foreign minister, that it is very doubtful whether the sanctions against Yugoslavia will be lifted soon. Is

Russia still ready to initiate the removal of the sanctions as soon as a solution for Bosnia is found?

[Churkin] Yes, we still think that a solution to the crisis in Bosnia must be followed by the removal of the sanctions. This was also a part of the Geneva peace plan, but it has not been accepted by the Muslims yet. What is more, we have elaborated a concrete plan for the removal of the sanctions that would follow every step in the materialization of the agreement on Bosnia. It is clear that this plan should be approved of by the UN Security Council, but we have completed its preparation. There came to a standstill in the Geneva peace talks in the meantime, so that new measures will be necessary in order to resume the negotiations, which would also enable a discussion of the Russian plan.

[Bilbija] Who made the plan you have just mentioned, and what does it contain?

[Churkin] The plan was elaborated in our ministry. It contains every detail: How, when, and under what conditions the sanctions against Yugoslavia should be lifted. If the Geneva peace talks had been successful, the plan would have already been on the UN Security Council table, and the parts agreed on could have already been incorporated into an appropriate UN resolution. In order to achieve such a consent it is, however, necessary to have preliminary talks with the members of the UN Security Council. We started these preliminary talks, but everything is hanging in the air now....

[Bilbija] How did other UN Security Council members react to this plan during the preliminary talks?

[Churkin] We have not discussed the plan in detail. We only discussed the "opening" of this issue in general.

[Bilbija] And what were the reactions?

[Churkin] Various, if I may say so, but since it was mentioned in the "Geneva package" that the sanctions against Yugoslavia might be lifted parallel with the materialization of the peace plan on Bosnia, I believe that the UN Security Council would vote for such a decision. Therefore I also hope that the Geneva peace talks will continue, and that the plan elaborated by Russian diplomats will be considered by the UN Security Council.

Serbia

SPS Spokesman Reacts to Renewed U.S. Threats

LD1910155893 Belgrade TANJUG Domestic Service in Serbo-Croatian 1354 GMT 19 Oct 93

[Text] Belgrade, 19 Oct (TANJUG)—Ivica Dacic, spokesman of the Socialist Party of Serbia [SPS], commenting on renewed U.S. threats to bomb Serbian positions, declared today that "the SPS does not share Washington's view that what has been proposed by the United States as a possible solution could bring peace to Bosnia-Herzegovina."

At a regular SPS news conference, Dacic stressed that "this is yet another instance where double standards are being applied to the warring sides in Bosnia-Herzegovina, and Serbia is again being singled out as the scapegoat."

In his words, the SPS has "always condemned the desired effect certain U.S. statements should have on the resolution of the problem in Bosnia-Herzegovina."

"We believe that the peace process must go on and that the United States is one of the major obstacles to the signing of the peace agreement," Dacic said and added that "the Serbian side cannot be accused of continuing the war because it is well known which side refused to sign the peace accord."

He recalled that, as far back as a year ago, the SPS "condemned the shelling of cities and the suffering of innocent civilians, regardless of which party was responsible for it."

The SPS spokesman underscored that "it seems that many citizens, not only of Sarajevo but of the republic of Srpska as well, are attentively following what is going on in the State Department," that they are "carefully scrutinizing every word the State Department said" and that this is "much more important than the other way around."

Parties React to Butrus-Ghali's Conference Proposal

LD1910172993 Belgrade TANJUG in English 1212 GMT 19 Oct 93

[Text] Belgrade, Oct 19 (TANJUG)—To call a new international conference on the Yugoslav crisis would be a step backwards, and priority should be given to direct talks, a number of Serbia's political parties have assessed.

The leader of the strongest opposition party in the Serbian and Yugoslav Assemblies, Vojislav Seselj, said the initiative by U.N. Secretary-General Butrus Butrus Ghali to call a new conference which would take a global approach to the Yugoslav crisis was 'meaningless as long as U.N. sanctions against Yugoslavia are in effect.'

'The Serbian Radical Party is against a new conference on Yugoslavia and against the participation of a Serb delegation in any talks for as long as sanctions against the F.R.Y. are in effect,' Seselj said in a statement to the Belgrade daily BORBA.

'Negotiations and conferences are out of the question until the parties involved secure equal positions,' Seselj added. 'This initiative would have had meaning if the sanctions were lifted.'

In may last year, the U.N. Security Council imposed stringent sanctions on the F.R.Y. because of its alleged involvement in the civil, religious and ethnic war in the former Yugoslav Republic of Bosnia-Herzegovina.

The opposition Democratic party of Serbia (DSS) believes that the crisis in the former Yugoslavia could be resolved in direct rather than global talks.

'It is difficult to reach a just solution for all parties involved,' DSS official Mirko Petrovic said.

Global talks could have succeeded at the beginning of the Yugoslav crisis, 'that is, before the recognition of some break-away republics,' said Petrovic. But today, he added, 'they can only prolong the crisis.'

The Yugoslav crisis broke out in 1991 when Slovenia and Croatia seceded from the former Yugoslav Federation, followed by Bosnia-Herzegovina and Macedonia.

If global talks were eventually held, 'results of the direct talks so far, such as the Owen-Stoltenberg plan for Bosnia, should not be brought into question,' the DSS maintains.

BORBA quoted officials of the Social Democratic Party (of the centre) as saying that Butrus-Ghali's proposal deserved support, but would succeed only after the lifting of sanctions which are contrary 'to the spirit of his initiative.'

This initiative is the secretary general's direct confession that not only one side is responsible for the war, and his 'indirect admission that it was wrong to allow and recognize the fragmentation of the former Yugoslavia,' party officials added.

Muslims Accused of Threatening Territorial Integrity

LD1910223993 Belgrade TANJUG Domestic Service in Serbo-Croatian 1403 GMT 19 Oct 93

[Excerpts] Belgrade, 19 Oct—The regional public prosecutor's office in Novi Pazar [Sandzak Province, Serbia] has charged 25 people from Novi Pazar, Sjenica, and Tutin with a criminal act of posing a threat to the territorial integrity of the FRY [Federal Republic of Yugoslavia] and of illegally obtaining and possessing firearms, ammunition and explosives, the republic Information Ministry said in a statement today. [passage omitted]

The bill of indictment specifies that, together with Sulejman Ugljanin, Sokol Ahmetovic, Harun Muminovic, and Besim Serhatlic, between May 1991 and May 1993, they were preparing to commit the criminal act of threatening the territorial integrity, as set out in Article 116, paragraph one, of the FRY penal code, punishable according to Article 138 of the same code.

The statement says that the objective of the 25 men was to create an independent state of Sandzak out of a part of the FRY territory by force. Sandzak would consist of the municipalities of Novi Pazar, Sjenica, Tutin, Prijepolje, Nova Varos, Priboj, Pljevlja, Bijelo Polje, Rozaje, Berane, Plav, and Andrijevica.

To that end they drafted military and other plans, founded military and police formations and units, with the municipal, town, and central Sandzak headquarters.

The group illegally obtained large amounts of arms, ammunition, explosives, and medical supplies and organized sabotage and terrorist groups and special units for attacks on military objects and terrorist actions.

As they were also found in possession of firearms, ammunition, and explosives—which they had illegally obtained and were in possession of—they were accordingly charged with the criminal act as set out in Article 33 of the Law on Arms and Ammunition.

The public prosecutor's office in Novi Pazar suggested to the investigation judge that the criminal case against Sulejman Ugljanin [Sandzak Muslim leader], Sokol Ahmetovic, Harun Muminovic, and Besim Serhatlic, for whom warrants have been issued, be suspended since they are on the run. The case against them will continue when they are found and arrested, the statement says in its conclusion.

Draskovic Receives Albanian Delegation

LD2010095693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1902 GMT 19 Oct 93

[Text] Belgrade, 19 Oct (TANJUG)—Serbian Renewal Movement [SPO] Chairman Vuk Draskovic today received a Democratic Alliance of Albania delegation, headed by its chairman, Neritan Ceka.

According to the SPO information service, the visitors from Tirana underlined their commitment to promoting neighborly relations between Yugoslavia and Albania and particularly stressed that democracy and a democratic dialogue are the only way into the future.

The SPO chairman said that Serb-Albanian relations are dangerously threatened by two currents of extremism. The first advocates secession of Kosovo from Serbia, and the other expulsion of a large number of shiptars [Albanian word for a member of Albanian nationality; a derogatory word for an Albanian in Serbo-Croatian] from Kosovo and Metohija. The solution requires finding a democratic compromise between the fact that Kosovo is inseparable from Serbia and the fact that the shiptars are the majority population in that part of Serbia.

A democratic agreement, acceptable both to the Serbs and the shiptars, can be reached only through dialogue, Draskovic emphasized, the SPO information service reports.

Macedonia

Greek Authorities Return Macedonian Trucks

AU1910205993 Skopje MIC in English 19 Oct 93

[Unattributed report: "Greece Gradually Blocking Borders With Macedonia"]

[Text] Ten Macedonian trucks have been returned from the crossing Evzoni by Greek border authorities during the weekend, due to the seal of the Republic of Macedonia on their transport documents.

Until now, the Greek officials rigorously controlled the documents only of the passenger vehicles, while the traffic of the cargo vehicles was allowed to flow normally.

Now, the Greeks are demanding that the transporters' documents have the name "former Yugoslav Republic of Macedonia" written on them. The Greek demands and discrimination against Macedonian trucks continued yesterday.

Government Confiscates Crude Oil Headed for FRY

LD1910130993 Belgrade TANJUG Domestic Service in Serbo-Croatian 1111 GMT 19 Oct 93

[Excerpt] Skopje, 19 Oct (TANJUG)—Some 900 fuel tanks with more than 45,000 tonnes of crude oil and gasoline intended for the Federal Republic of Yugoslavia [FRY] are currently scattered along Macedonia's railroads, from Tabanovce [crossing point on Yugoslav border, northern Macedonia] to Djevdjelija [crossing point on Greek border, southern Macedonia].

These fuel tanks got stranded here at the end of August when the Macedonian Government decided to tighten the blockade against Serbia and close all border crossing points to goods subject to the embargo. The value of the confiscated crude oil is estimated to be $120 million. [passage omitted]

Opposition Leader Holds Talks With Tudjman

AU1910210093 Skopje MIC in English 19 Oct 93

[Unattributed report: "Tudjman Receives Ljupco Georgievski"]

[Text] A delegation of the party VMRO-DPMNE [Internal Macedonian Revolutionary Organization - Democratic Party for Macedonian National Unity], led by its president Ljupco Georgievski is staying in a visit to the Republic of Croatia.

The delegation was received by Croatia's President Franjo Tudjman and the Speaker of Parliament Stipe Mesic.

As a guest, Georgievski addressed the second HDZ [Croatian Democratic Community] General Assembly, and according to NOVA MACEDONIA said he was sorry that a delegation of the Republic of Macedonia was not present at that assembly, but only of the strongest opposition party, the only party in Macedonia to openly condemn the Serbian aggression against Croatia, and to give support to Croatia, both inside and outside the country.

Georgievski said that the Macedonian Government never organized meetings in support of the Croatian people and against the "Serbo-communist aggression."

Yesterday, Georgievski was a guest at the Croatian television, where he repeated some assessments made in his speech at the HDZ General Assembly. He strongly criticized the "Communist-Albanian coalition" in the Macedonian Government.